THE Freeman

IDEAS ON LIBERTY

NOVEMBER 1965

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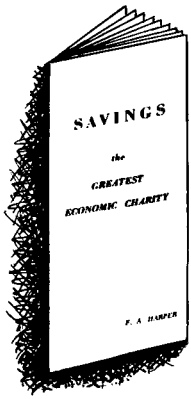

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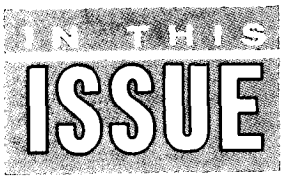

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THE Freeman

NOVEMBER 1965 Vol. 15, No. 11

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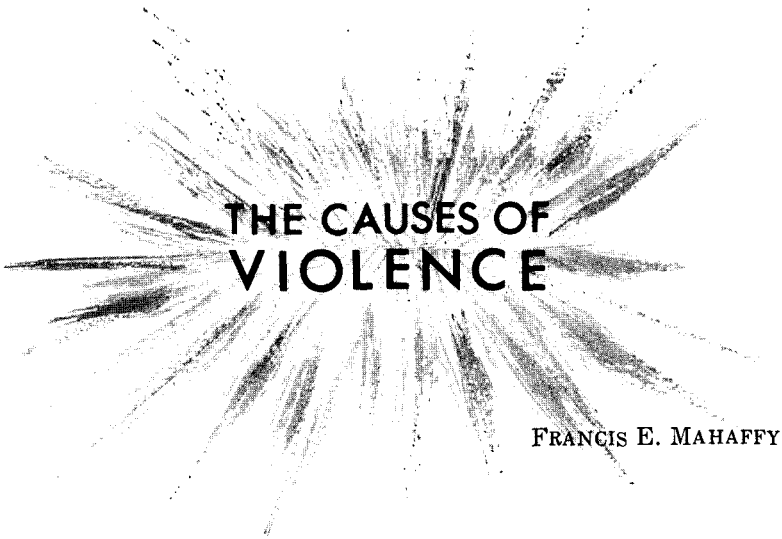

FRANCIS E. MAHAFFY

VIOLENCE in the streets of some of our large urban centers has stimulated an investigation of the underlying causes of these riots, bloodshed, hatred, disrespect for life, property, and the laws of society. Until we learn the causes, it will be hard to come by the cure for the disorder.

To some, the obvious cause is poverty. But poverty does not of itself produce violence. While the mobs were rioting in the United States, I was visiting in an African home. The four children and their parents, as well as the chickens, shared one small room in the hut. Their beds consisted of mats on the hard earth with a piece of cloth or a block of wood for a pillow. But as I sat on the floor with them, eating a coarse bread with hot pepper sauce from a common dish, there was a pleasant exchange of banter followed by more serious discussion and study. The deep poverty of this African family did not lead to violence; rather, they all manifested the most gracious hospitality and sincere friendship. In Africa, violence frequently characterizes the activity of the newly educated and more economically advanced young people; the poor people more often retain their tradition of gracious hospitality and friendliness. There is no direct re-

The Reverend Mr. Mahaffy has served since 1945 as a missionary of the Orthodox Presbyterian Church in Eritrea, East Africa.

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lationship between poverty and violence in Africa – or America.

It is my conviction that the causes of violence often lie in the philosophy of the welfare state society, promoted by politicians and widely accepted by many people.

Recently, a religious periodical reported that a Christian college received a large grant of Federal funds toward building a library. A student of that college wrote of Federal grants to provide on-campus jobs for the students. This college would be classed as a conservative school in its political and religious outlook. Not one of the professors would think of supporting open violence but would roundly condemn it. All would agree that the Moral Law of God summarized in the Ten Commandments provides the absolute norm for conduct. Yet the supporters of such Federal subsidies to education, like all supporters of the welfare state, are unwittingly endorsing violence as a way of life.[1]

Perhaps the shooting of policemen and civilians, the plundering of stores and burning of buildings seem remote from the promotion of the welfare state society via Federal subsidies. The one manifests open and naked force against the lives and property of others; the other seemingly advocates Federal funds for worthy, peaceful ends. But both alike are manifestations of violence and are the fruits, in differing degrees of maturity, of the same basic philosophy.

Redistribution by Force

The measures of the welfare state are means for redistributing the wealth. The recipients may be the aged who receive Medicare, foreign nations who are given tractors and money in foreign aid, urban dwellers for whom new houses are built, farmers who sell their grain to the government at a subsidized price, private or government school beneficiaries of state and Federal grants, children who receive free or subsidized lunches, or those businesses whose projects are government financed. Whatever the means of redistribution may be, the recipient receives what has been seized by violence in taxes collected from others. He receives the fruit of legal plunder.

This legal plunder of property by the state is rooted in disrespect for life; for to seize property is to violate the life sustained by that property. Carried to its logical conclusions, the recipient of legal plunder assumes a right to the property and thus to the life of his better-situated neighbor. When legal plunder becomes the accepted

[1] Leonard E. Read, "Violence as a Way of life," *Essays on Liberty*, (Irvington, N. Y.: Foundation for Economic Education, 1962), Vol. IX, p. 303.

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norm of everyday life, it is little wonder that more naked violence occasionally breaks out in our cities. The perpetrators of the violence have been taught through effective propaganda that they have a right to the fruits of the labor of others. When they feel that the agents of the redistribution have stinted in the distribution of these fruits to them, they take into their own hands the logistics of the division, speeding up the process by open violence and plunder. They are only carrying out to its logical conclusion the principle of violence involved in Federal subsidies to some at the expense of others. They are engaging in illegal plunder and violence to accomplish what the welfare state does by means of legal plunder.

Dr. Ludwig von Mises has clearly pointed out the fact that socialism leads naturally to violence, bloodshed, and war.[2] Whether this socialism be that of Nazi Germany, Fascist Italy, Russia, China, or the compulsory collectivism of our welfare state society, the final result is disruption into open violence. Such violence is only the fruit of the more subtle (and hence in many respects more dangerous) violence of redistribution.

The causes of violence often lie in the philosophy of compulsion that characterizes all types of socialism. And because socialism involves violence, it flouts the moral law which restricts the use of force against others to the restraint of evil.

Restoring Moral Law and Order

The solution to the problem of violence does not lie in attributing it to poverty and promoting further violence by way of urban renewal and Federal subsidies. The solution is to abandon violence as a way of life. Required is a renewed respect for law rooted in respect for God, the Law-Giver, not only by individual citizens subject to the law, but especially by those citizens who have been delegated the power of the sword for the suppression of violence among us.

It is still true that "righteousness exalteth a nation: but sin is a reproach to any people."[3] True righteousness will evidence itself not only in refraining from violence on the streets of our cities but in abandoning the philosophy of violence which characterizes the redistributionist activities of the welfare state. ◈

[2] Ludwig von Mises, *Human Action* (New Haven: Yale University Press, 1949), pp. 449, 680-84, 820.

[3] Proverbs 14:34

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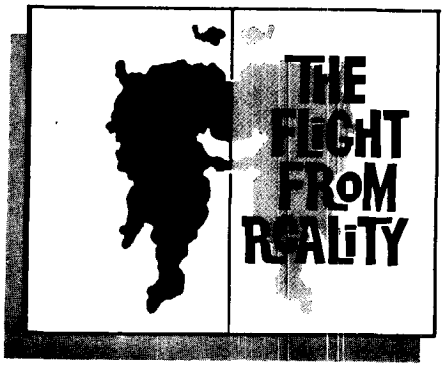

14. Capturing the Hearts of Men

CLARENCE B. CARSON

. . . And Christianity, by the lips of all its teachers, ought with all its emphasis to say to society: "Your present industrial system, which fosters these enormous inequalities, which permits a few to heap up most of the gains . . . needs important changes to make it the instrument of righteousness." WASHINGTON GLADDEN, 1886

I take this as my thesis: Christianity is primarily concerned with this world, and it is the mission of Christianity to bring to pass here a kingdom of righteousness and to rescue from the evil one and redeem all our social relations.

. . . The mission of the Church is to redeem the world, and to make peace with it only on its unconditional surrender to Christ. RICHARD T. ELY, 1889

. . . Church and State are alike but partial organizations of humanity for special ends. Together they serve what is greater than either: humanity. Their common aim is to transform humanity into the kingdom of God. WALTER RAUSCHENBUSCH, 1907

MELIORIST REFORM in America has usually been advanced with religious zeal. It has quite often been forwarded as a moral crusade. The political conventions of Populists and Progressives had something of the atmosphere of revival meetings. Reform programs have frequently been enveloped in a sentimental gloss of morality which frightens the timid away from challenging them and permits their instigators to adopt postures of not-to-be-questioned rectitude. Reformers have pictured themselves (and undoubtedly thought

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of themselves) as champions of the poor, the downtrodden, the dispossessed, the underdog, the meek, and the maltreated. They have proclaimed their cause as just and have assumed that their motives were pure. Above all, they have identified their reformist mission with the mission of Christianity, have sanctified their reforms by this identification, and have drawn many people into their effort by an appeal to Christian charity.

Religion has been "instrumented" for the purpose of social reform and reconstruction. The pressure of organized religion has been brought to bear increasingly upon governments to use their political power to reconstruct society. Churches and churchmen have supported the unionization of labor, the forced redistribution of wealth, coerced integration, and a host of particular programs for rebuilding society along the lines of the socialist vision. The task here is to describe summarily how this transformation of religion came about, to tell how social concern developed among some clergymen, how a new theology was constructed to justify social reconstruction, and how the organized churches were drawn into this effort. In short, it is the story of how many in the churches and many religious institutions came under the sway of and became subservient to reformist ideology. To turn it around, it is the story of how the moral zeal of religion was brought to bear upon social reconstruction, advancing by emotion things that could hardly have been advanced by reason.

Imperfect Man

It is the story, in the main, of the social gospel movement. But before telling it, some explanation of the nature of what was involved in it is in order. There is a tension created by the Christian revelation. On this point, all students of the life and teachings of Christ may agree. Believers have ever found themselves and their ways insufficient when held up beside the account of these as found in the Bible. Men are not as they should be. They are, in the traditional language, condemned, lost, tried, found wanting, and convicted. As the Apostle Paul, the foremost interpreter of the meaning of the revelation, said: "For there is no distinction; since all have sinned and fall short of the glory of God." There is, then, a gulf between what men are and what they should be.

Nowhere does this gulf stand out in relief more clearly than in the Sermon on the Mount. Since this message was frequently central in the thought of the preach-

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ers of the social gospel, it will be helpful to quote a few passages to demonstrate its character.

You have heard that it was said, "An eye for an eye and a tooth for a tooth." But I say to you, Do not resist one who is evil. But if any one strikes you on the right cheek, turn to him the other also; and if any one would sue you and take your coat, let him have your cloak as well; and if any one force you to go one mile, go with him two miles. Give to him who begs from you, and do not refuse him who would borrow from you.

You have heard that it was said, "You shall love your neighbor and hate your enemy." But I say to you, Love your enemies and pray for those who persecute you, so that you may be sons of your Father who is in heaven; for he makes his sun rise on the evil and on the good, and sends rain on the just and the unjust. For if you love those who love you, what reward have you? Do not even the tax collectors do the same? And if you salute only your brethren, what more are you doing than others? Do not even the Gentiles do the same? You, therefore, must be perfect, as your heavenly Father is perfect.[1]

There is much more of a similar character, but the above passages may serve as examples. There could hardly be a more vivid contrast between what men ordinarily accept as sufficient for virtuous and just behavior and what is required by Christianity. This gap, nay, this yawning gulf, between what men are and what they should be has produced great tensions in those who would be Christians. Some men have attempted by extraordinary moral heroism to bridge the gulf. In early times, there were hermits who went apart from the world, denied the demands of the flesh, persecuted their own bodies, and in this way attempted to live spiritually at the expense, to some extent, of the physical. Still others went into monasteries and nunneries to escape somewhat the baleful lure of the world and the flesh. Throughout the ages, there have been those who have tried to attain to perfection by way of self-abnegation in one form or another.

A Higher Moral Code

Fundamentally, though, Christians have usually agreed that Jesus Christ bridged the gulf between man and God with his Sacrifice, that what is impossible for man can be accomplished, and has been, by the Grace of God. A way was provided for the resolution of the tension, though this is not supposed to have relieved those who are Christians from the acceptance of the norms for behavior revealed in Scriptures and from ordering their lives according to them.

[1] Matthew 5: 38-48, RSV.

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It must be made clear that the norms proclaimed by Jesus are a Revelation. They are not such as men might discover by studying the nature of the universe, the nature of man, and the nature of society. This is no natural morality. Men do not naturally go an extra mile when they have been compelled to go one. Indeed, they naturally resist compulsion in the first place. They do not naturally add their cloaks to the penalty when they have been sued for their coats. It is difficult to imagine anything less natural than to turn the other cheek when one has been struck. Nor is there an order in the universe that automatically and of necessity rewards these norms of behavior. Those who prosper in this world do not always give to beggars and lend to those who would borrow from them. On the contrary, those who prosper have ordinarily managed their affairs much more circumspectly and less generously. It is not economical to run one's affairs according to these norms.

It does not appear that social order could be maintained without resisting evil. All orderly societies, so far as I know, have rested on some rough approximation of justice as consisting of an eye for an eye. This would appear to be the natural mode of dispensing justice. It is not clear how social order could be maintained except in this way. In the nature of things, society cannot dispense justice by awarding freezers to those who have stolen refrigerators. The assault upon property would not only be legalized but rewarded as well. It is so unlikely as to be impossible for anyone to arrive at such norms for behavior by a natural study and the use of human reason. Thus, these norms constitute a Revelation.

Guides for Human Action That Are Beyond Man's Laws

Several points need to be made clear about the character of the content of the Revelation. First, there is *no* implied condemnation of natural law, the natural order, or positive law. Jesus made it clear in the Sermon on the Mount (Matthew 5:17) that this was no part of his intention. He said, "Think not that I have come to abolish the law and the prophets; I have come not to abolish them but to fulfil them." Nor in what followed did he condemn the laws as they had been handed down and established. For example, he said (Matthew 5:27-28): "You have heard that it was said, 'You shall not commit adultery.' But I say to you that every one who looks at a woman lustfully has already committed adultery with her in his heart." This was not a call for social re-

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construction. There was, in the saying, no claim that the law against adultery was not as it should have been. Certainly, no one could logically interpret the passage to say that it would be all right now to commit adultery. His commandments are *more than*, not *instead of*.

Jesus was revealing the norms in terms of which actions may be virtuous, not in human terms but in God's. There is no virtue, he was saying, in obedience to the law. Any sensible person would do this to avoid the penalties attached to it. (The same would go for natural law or conformity to the order in the universe.) Men do conceive of such actions as virtuous quite often, but this is from their perspective as men and limitations as men.

Second, these commandments can only apply to individuals and voluntary groups. They have to do with actions that are virtuous. They are virtuous because they are not compelled, because there are no earthly or natural sanctions for them, because no earthly rewards nor penalties necessarily attend them, because they are freely done. If these norms were made a part of the order that men or natural law enforce, they would lose their virtuous character. Then even the Gentiles (that is, non-Christians) would usually obey them, for it would be expedient to do so.

Third, these norms are of such character that they cannot effectively be made a part of the order of positive law in society. Attempts to do so can only produce disorder and chaos. To see this, one need only imagine a law requiring that if someone seeks your coat you must give him your cloak also. The penalty for not doing so might appropriately be a fine of 10,000 dollars or ten years in prison, or both. Can there be laws against lustful glances, compelling the turning of the other cheek, requiring that one love his enemies, and so forth? If not, these norms cannot be made a part of the social order.

The Social Gospel

The Revelation is of another realm than that of natural law, of an order in the universe, or of positive law. It is a revelation of God, of the realm of the spirit, of the arena of love, of that which is unbounded by expediency or the narrow and limited views of men while they sojourn on earth. It does not condemn nor deny the efficacy of the order that is established for men on this earth. It does not bid them erect an order that is in keeping with the Revelation. Instead, it proclaims the norms in terms of which human

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behavior stands condemned, in terms of which man stands in need of Grace, in terms of which individuals may gauge their acts.

Debasing the Spiritual

The social gospel inverts the Gospel. It turns Divine norms into norms for human society. It turns the condemnation of individuals into a condemnation of the social order and converts the impetus of Christianity into pressure for social reconstruction and revolution. The holy tension between what a man is and what he should be is transformed into a temporal tension between the present society and the one that should exist.

The social gospel movement was, and is, a headlong flight from reality. In the first place, it was a flight in that it used the impetus of religion to buttress the general flight involved in melioristic reform efforts. Secondly, it was a flight from the religious base upon which it rested. To be more specific, it transformed the highest spiritual goals into a quest for material improvement.

The central doctrine of the social gospellers has been that the Kingdom is to come on earth. One of their favorite scriptural quotations has been the one commanding Christians to seek first the Kingdom of Heaven. They pray for and propose to work for the coming of the Kingdom. Yet their efforts have been devoted, in the main, to the amelioration of the material conditions of life. They have favored shorter work weeks, higher pay, a more equal distribution of the wealth, various and sundry governmental programs for the abolition of poverty, and so forth. Indeed, they maintain that by ameliorating the conditions of life – by social regeneration – they will provide the foundations for the spiritualization of life. A paraphrase of their rendition of the scriptural injunction should read something like this: Seek ye first material well-being and the Kingdom of Heaven will be added unto you.

In the third place, theirs is a flight from the higher morality upon which their admonitions are based. Their call for social reconstruction is in considerable part a call for the use of governmental power to produce their ends. Insofar as they succeeded, they would remove the moral character from the acts that they approve. They would make it compulsory to do what otherwise might be done willingly. If it is a requirement of law that the cloak be given as well, no virtue would attach to the giving of the cloak. Even the "Gentiles" would do it, for it would be expedient to do so.

Moreover, the reconstruction of

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society in terms of the Revelation, if it could be done, would remove the opportunity for performing moral acts. Only those who have property may give generously of it; only those who have money may lend it to all would-be borrowers; only those who have choice as to the disposal of their time and energies may go the second mile. The social planning, the assault upon property, the confiscation of savings involved in the social reconstruction advocated by the social gospellers would remove the opportunity for acts of charity. Indeed, if "social justice," as many of them have defined it, prevailed, there would be no occasion for charity. More succinctly, there would be no morality. Life would be reduced to expedient calculations in terms of rewards and punishments established by positive law.

Fourthly, they have been using the religious motif to advance the politicalizing of all life. It is not necessary to imagine the consequences, in this case. They are already occurring. Religion is being driven out of public affairs, by court decision, even as the power of government is being used to achieve ends which are proclaimed as religious and moral. To see this, one need only recall the school prayer decisions and the integration decisions of the courts. However illogical this may appear, to those who do not wear ideological blinders, it follows logically from the use of governmental power to achieve supposedly spiritual ends. When this is done, the political modes are advanced at the expense of religious ones, and independent religion cannot survive the politicalizing of life. Compulsion can only be advanced at the expense of independence, and religious activities cannot be exempted from this rule.

Thoughtless Leadership

How, then, could so many ministers and religious leaders have been drawn into the social gospel movement? How could so many church organizations have been drawn into the effort? How could so many churchgoers have come to believe that it is the business of the church to support and advance governmental ameliorative programs? In a general way, these questions have already been answered in earlier articles. The breakdown of philosophy, the spread of irrationalism, the loss of a firm grip upon physical and metaphysical reality, the development of utopian notions, the vision of man's being able to create conditions to his liking set the stage for the flight in religion.

One point needs to be made emphatically: The social gospel never

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has been an intellectually respectable doctrine, any more than has the generality of meliorist and revolutionary ideas. Its proponents did not proceed by a careful analysis of Scriptures. They were under the sway of a philosophical monism which bent them toward the confusion of all things. The spiritual and the material, the moral and the legal, the eternal and the temporal were fused in such a way as to obliterate all necessary distinctions.[2] Their theology has always been vague, their grasp of economics exceedingly insecure, and their understanding of politics virtually nonexistent.

The social gospel movement got underway in the latter part of the nineteenth century. The big names in its development were Washington Gladden, Richard T. Ely, W. D. P. Bliss, George D. Herron, and Walter Rauschenbusch. These shared with and drew from the ideas of such men as Henry George, Edward Bellamy, and Henry Demarest Lloyd, who are not so closely identified with the movement in religion. But there were many others who participated in and contributed to this development in the latter part of the nineteenth century. In the preface to what has become the standard work on the movement, the author points out that "many have assumed that social Christianity was the accomplishment of a handful of clergymen who at the opening of the twentieth century challenged religious conservatism by the proclamation of the social content of their faith. Study of an extensive and varied literature indicates, however, not only that the social gospel originated in the early years of the gilded age but also that its prophets were legion and their message an integral part of the broad sweep of social and humanitarian efforts. . . ."[3] The spreaders of the social gospel were not careful thinkers. Generally, they had picked up a variety of socialist, progressivist, and meliorist assumptions, accepting them as valid without subjecting them to analysis or test against Scripture or economic and political reality.

Overcoming Poverty Through Compulsory Redistribution

To challenge the philosophical soundness of the social gospel is not to question the sincerity of its preachers. There is no reason to doubt that many of them were

[2] See, for example, the discussion of this in James Dombrowski, *The Early Days of Christian Socialism in America* (New York: Columbia University Press, 1936), pp. 14-15.

[3] Charles H. Hopkins, *The Rise of the Social Gospel in American Protestantism*, 1865-1915 (New Haven: Yale University Press, 1940), p. vi.

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passionately devoted to their cause, that they were absolutely convinced of the rightness of what they said, and that they meant well quite often. They saw suffering and hardship and believed that those who attributed it to an unjust order were correct. They saw or read of hunger and disease and thought that this was related to institutional arrangements. There was poverty in the midst of a land in which some had great wealth. They assumed that the remedy for this lay in some sort of redistribution. Their concern for others made them particularly susceptible to utopian visions and socialist dreams.

The social gospellers captured the hearts of men by their descriptions of suffering and hardship. Washington Gladden accepted Henry George's thesis that poverty was increasing as industrial progress took place. Note his characterization of conditions among those in the depths of poverty:

> . . . Below these still, there is another large class of the really poor, of those whose earnings are small, whose life is comfortless, who have nothing laid by, who are often coming to want. . . . This class of the very poor – those who are just on the borders of pauperism or fairly over the borders – is rapidly growing. Wealth is increasing very fast; poverty, even pauperism, is increasing still more rapidly.[4]

Walter Rauschenbusch introduced the element of pathos in his descriptions:

> The fear of losing his job is the workman's chief incentive to work. Our entire industrial life, for employer and employee, is a reign of fear. The average workingman's family is only a few weeks removed from destitution. The dread of want is always over them, and that is worse than brief times of actual want. . . .
>
> While a workman is in his prime, he is always in danger of losing his job. When he gets older, he is almost certain to lose it. The pace is so rapid that only supple limbs can keep up. Once out of a job, it is hard for an elderly man to get another. Men shave clean to conceal gray hairs.[5]

Not only were conditions bad, according to social gospellers, but they were getting worse. A somber tone of impending crisis characterizes much of their writings. Gladden declared:

> Such, then, is the state of industrial society at the present time. The hundreds of thousands of unemployed laborers, vainly asking for

[4] Washington Gladden, *Applied Christianity* (Boston: Houghton Mifflin, 1886), pp. 10-11.

[5] Walter Rauschenbusch, *Christianity and the Social Crisis* (New York: Macmillan, 1907), pp. 235-36.

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work; the rapid increase of pauperism . . .; the sudden and alarming growth of the more violent types of socialism, are ominous signs of the times.[6]

Rauschenbusch pointed out that while there had been hardship involved in the development of industry in America, this was mitigated somewhat by the availability of cheap land (the frontier thesis), but this was now a thing of the past and trouble lay ahead. He put it this way:

But there is nothing in the nature of our country that will permanently exempt us from the social misery created by the industrial revolution elsewhere. . . . The influences which formerly protected us and gave us a certain immunity from social misery are losing their force. We are now running the rapids faster than any other nation. We do everything more strenuously and recklessly than others. . . . If we are once headed toward a social catastrophe, we shall get there ahead of schedule time.[7]

Driving Toward Socialism

The preachers of the social gospel attributed the cause of suffering and hardship to the existing order. The crisis was approaching because of the hardening of the lines of the order. The existing social order was so made up and bent by those who benefited from it that it would bring America to revolution and destruction if something were not done about it. While Gladden was more moderate in his indictment of the established order than later advocates of the social gospel were to be, he did believe that the system led to the difficulties. Though he disavowed the complete socialist prescription, he thought they were right when they pointed to certain tendencies and ascribed them to the system:

The tendency of wages to sink to starvation point, the tendency of the workmen's share of the national wealth to grow constantly smaller, the tendency of commercial crises and depressions to become more frequent and disastrous . . . — all these are, as I believe, the natural issues of an industrial system whose sole motive power is self-interest, and whose sole regulative principle is competition.[8]

George D. Herron was less restrained but saying essentially the same thing in his indictment:

The inevitable result of the system of wages and competition will be to increase social inequalities; to increase the wealth of the few and the poverty of many. . . . The present industrial system could not exist were it not for the fact that great multitudes of the unemployed have

[6] Gladden, *op. cit.*, p. 161.
[7] Rauschenbusch, *op. cit.*, p. 219.
[8] Gladden, *op. cit.*, pp. 69-70.

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been brought to this country systematically and purposely, for the sake of reducing wages and producing a state of poverty.[9]

As Herron said elsewhere, "The economic system denies the right of the sincerest and most sympathetic to keep their hands out of the blood of their brothers."[10]

Rauschenbusch's indictment was no less severe:

If it were proposed to invent some social system in which covetousness would be deliberately fostered and intensified in human nature, what system could be devised which would excel our own for this purpose? Competitive commerce exalts selfishness to the dignity of a moral principle. It pits men against one another in a gladiatorial game in which there is no mercy and in which ninety per cent of the combatants finally strew the arena.[11]

The Anticapitalistic Mentality

The villain of the piece, depending upon the inner urge of the moment, was capitalism, private property (they differed as to the extent of the condemnation of this), the profit motive, competition, monopoly, and all of the assorted demons of socialist analysis. The anticapitalistic mentality, as Ludwig von Mises has called it, flowered luxuriantly among the social gospellers. It is difficult to recognize the businessman in the following allusions, or illusions, of Edward A. Ross, a sociologist with a religious emphasis:

Today the sacrifice of life incidental to quick success rarely calls for the actual spilling of blood. How decent are the pale slayings of the quack, the adulterer, and the purveyor of polluted water, compared with the red slayings of the vulgar bandit or assassin! Even if there is blood-letting, the long range, tentacular nature of modern homicide eliminates all personal collision. What an abyss between the knife-play of brawlers and the law-defying neglect to fence dangerous machinery in a mill, or to furnish cars with safety couplers![12]

Yet the difference between businessmen and common criminals, we gather, is in the magnitude of the offense of the former.

One other indictment of capitalists will serve to illustrate the character of these generally. Rauschenbusch said:

When men of vigorous character and intellectual ability obey the laws

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[9] Quoted in Dombrowski, *op. cit.*, pp. 187-88.

[10] George D. Herron, *Between Caesar and Jesus* (New York: Crowell, 1899), pp. 24-25.

[11] Rauschenbusch, *op. cit.*, p. 265.

[12] Ray A. Billington, *et. al.*, eds., *The Making of American Democracy*, II (New York: Holt, Rinehart and Winston, 1962, rev. ed.), 35-36.

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of Capitalism, and strive for the prizes it holds out to them, they win power and great wealth, but they are placed in an essentially false relation to their fellow-men, the Christian virtues of their family stock are undermined, their natural powers of leadership are crippled, and the greater their success in amassing wealth under capitalistic methods, the greater is the tragedy of their lives from a Christian point of view.[13]

The "New Theology"

The condemnation and rejection of the existing order was, of course, prelude to the calling for a new order. Advocates of the social gospel were all bent upon social reconstruction, in one degree or another. Some were avowed socialists, some unavowed, and others were to appearances less radical in their aims. But they appealed to Christianity as the justification for making over or modifying the social order. The theory was not particularly complicated. Most of the early proponents of the social gospel held that society is an organism. Individual men are products, more or less, of the environment. In order to save men, then, it is necessary to redeem the society by reconstructing it along Christian lines. When this work of reconstruction had been accomplished, the Kingdom would have come. Those who were engaged in the task of rebuilding society were working for the coming of the Kingdom. Existing society was criticized from the scriptural vantage point of strictures such as those found in the Sermon on the Mount. The new order would incorporate these into the social structure.

There should be no doubt that this bringing of the Kingdom, as they understood it, involved radical social reconstruction for the preachers of the social gospel. Walter Rauschenbusch has usually been accorded the position of theologian of the social gospel. In his book, *A Theology for the Social Gospel*, he declared:

> Since love is the supreme law of Christ, the Kingdom of God implies a progressive reign of love in human affairs. We can see its advance wherever the free will of love supersedes the use of force and legal coercion as a regulative of the social order. This involves the redemption of society from political autocracies and economic oligarchies; the substitution of redemptive for vindictive penology; the abolition of constraint through hunger as part of the industrial system. . . . The highest expression of love is the free surrender of what is truly our own, life, property, and rights. A much lower but

[13] Walter Rauschenbusch, *Christianizing the Social Order* (New York: Macmillan, 1912), p. 315.

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perhaps more decisive expression of love is the surrender of any opportunity to exploit men. No social group or organization can claim to be clearly within the Kingdom of God which drains others for its own ease, and resists the effort to abate this fundamental evil. This involves the redemption of society from private property in the natural resources of the earth. . . .[14]

The above passage gives the flavor of the bombast, but the tangle of gratuitous assumptions and accusations may obscure the message. He has stated the aim somewhat more succinctly elsewhere. The vision which he would see fulfilled has "the purpose and hope of founding on earth the Reign of God among men. Faith in the Kingdom of God commits us, not to an attitude of patient resignation, not to a policy of tinkering and palliatives, but to a revolutionary mission, constructive in purpose but fearless in spirit, and lasting till organized wrong has ceased."[15]

The Reign of Love — by Force

Reign of love there might be, according to the vision, but it was to be preceded by a reign of men. The advocates of the social gospel were also advocates of greatly increased governmental activity. Even Washington Gladden, who expressed some doubts as to the coercive route to moral redemption, favored an extended and extensive role for government. He observed:

> The limits of governmental interference are likely to be greatly enlarged in the immediate future. . . . It may become the duty of the state to reform its taxation, so that its burdens shall rest less heavily upon the lower classes; to repress monopolies of all sorts; to prevent and punish gambling; to regulate or control the railroads and telegraphs; to limit the ownership of land; to modify the laws of inheritance; and possibly to levy a progressive income tax. . . .[16]

Those who came somewhat later, however, had no qualms about using the power of the state to usher in the Kingdom.[17] Richard T. Ely declared that it is "as truly a religious work to pass good laws, as it is to preach sermons; as holy a work to lead a crusade against filth, vice, and disease in slums of

[14] Quoted in Gerald N. Grob and Robert N. Beck, eds., *American Ideas*, II (New York: Free Press of Glencoe, 1963), 217.

[15] Rauschenbusch, *Christianizing the Social Order*, p. 324.

[16] Gladden, *op. cit.*, pp. 100-01.

[17] Several decades later, Reinhold Niebuhr argued that collectives may act immorally to attain "social justice," since they are by nature immoral. See *Moral Man and Immoral Society* (New York: Scribner's, 1932), *passim*.

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cities, and to seek the abolition of the disgraceful tenement-houses of American cities, as it is to send missionaries to the heathen."[18] He approved of what he called coercive philanthropy. "Coercive philanthropy is philanthropy of governments, either local, state, or national. The exercise of philanthropy is coming to an increasing extent to be regarded as the duty of government."[19] George D. Herron called for the thoroughgoing use of the state for religious purposes.

Government has a right to existence and authority for no other end than that for which God sent his only begotten Son into the world. It is the vocation of the states, as the social organ, to so control property, so administer the production and distribution of economic goods, as to give to every man the fruit of his labor, and protect the laborer from the irresponsible tyranny of the passion of wealth.[20]

Rauschenbusch declared that "embodying a moral conviction in law is the last stage of moral propaganda. Laws do not create moral convictions; they merely recognize and enforce them."[21] In practice, of course, devotees of the social gospel have usually supported the whole panorama of reform programs.

Church Movements for Political Action

However strange these doctrines may seem, there is good reason for exploring them. They have had a tremendous impact upon America. In the course of time they began to be taken up and spread by churches and organizations within them. In the latter part of the nineteenth century, the social gospel movement was restricted to a relatively small number of ministers, sympathetic reformers, founders of small magazines, and radical organizations. But by 1912 Walter Rauschenbusch could rejoice that the social gospel was catching on.[22] There were many signs of this. As early as 1887 the Episcopalians set up a Church Association for the Advancement of the Interests of Labor. In 1901 the Congregationalists provided for a labor committee. The Presbyterian Church established a department of church and labor in 1903. In 1908 the Methodist Episcopal Church came out for organ-

[18] Richard T. Ely, *Social Aspects of Christianity* (New York: Crowell, 1889), p. 73.

[19] *Ibid.*, p. 92.

[20] Quoted in Howard H. Quint, *et. al.*, eds., *Main Problems in American History*, II (Homewood, Illinois: Dorsey, 1964), 67.

[21] Rauschenbusch, *Christianity and the Social Crisis*, p. 363.

[22] Rauschenbusch, *Christianizing the Social Order*, ch. II.

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ized labor.[23] The Federal Council of the Churches of Christ in America, organized in 1908, adopted a reformist creed from the beginning. Among the things for which it stood were:

> For equal rights and complete justice for all men in all stations of life. . . .
>
> For a living wage as a minimum in every industry, and for the highest wage that each industry can afford.
>
> For the most equitable division of the products of industry that can ultimately be devised. . . .
>
> For the abatement of poverty.[24]

Many changes were being wrought under the religious impetus. Rauschenbusch pointed out that the "Young Men's Christian Association used to stand for religious individualism. The mere mention of 'sociology' once excited ridicule. Today the association has developed a splendid machinery for constructive social service. . . ."[25] The missionary effort was being changed by the new ideas. The emphasis was beginning to shift toward social service, medical missionaries, and so forth. In due time, more and more ministers came under the sway of the social gospel, and church organizations began to wield their influence both for general and for particular social reforms.

Beneath the Sugar Coating

Of course, as these ideas were adopted by the old established churches, they were usually given more ambiguous wording and less radical formulation. After all, many of the founders and advocates of the social gospel were socialists. George D. Herron was dedicated to what has been called Christian socialism. Anyone conversant with socialist doctrines will be able to discover them in more or less pure form in Rauschenbusch's work. There is a definite gradualist slant to the writings of Gladden. The "respectable" churches did not accept such doctrines in the blunter formulations of them. Yet to the extent, and it has been considerable, that the churches, their ministers and spokesmen, have adopted these doctrines and advocated the programs based on them, to that extent have they been drawn into the effort to bring about socialism in America. For these doctrines depend for their justification upon the rhetoric of socialism; they are meaningful within the intellectual framework of socialist doctrines;

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[23] See Harold U. Faulkner, *The Quest for Social Justice*, 1898-1914 (New York: Macmillan, 1931), pp. 219-22.

[24] Quoted in Rauschenbusch, *Christianizing the Social Order*, pp. 14-15.

[25] *Ibid.*, pp. 17-18.

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the particular programs have long been devices for gradually moving toward socialism.

Men's hearts have been captured by the inversion of the Gospel, and they have been drawn into the orbit of reformism by doctrines ideologically derived from socialism but phrased in the language of religious concern. This was another step in the domestication of socialism in America. ◈

The next article in this series will have to do with "Remaking the Minds of Men."

Legalized Coveting

HOWARD E. KERSHNER

A MINISTER said to me recently that many of his parishioners could not afford to buy their monthly railroad tickets to go to their jobs in New York and that the government should subsidize the railroads. I said that would mean seizing some of the wealth of many who are forced to live in the noisy, crowded, dirty cities because they cannot afford to go to the country, and giving some of it to his parishioners who wanted to live in the more desirable suburbs.

Dr. Kershner is President of the Christian Freedom Foundation. This article is from his weekly column, "It's Up to You," June 28, 1965.

I said, "If you wish to be honest about the matter, advise your parishioners to explain to their friends that they need help to buy their railroad tickets and ask each one to subcribe 50¢ or $1 a month for that purpose." The minister replied, "But no one would do that." "Of course not," I replied, "but you are proposing to put your hand into the pockets of these people and take the money from them by the coercive power of government. That is both coveting and stealing."

These people would hardly have returned to their homes after their

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unsuccessful effort to get their neighbors to subsidize them until a group of farmers would knock on the door and say, "We cannot afford to sell our produce at the market price. Will you contribute 50¢ a month so we can have more than the market affords?" You reply, "I would like to help you but I have difficulty paying my own grocery bill and I am sorry I cannot do anything for you." But you do. The farmers organize a pressure group, go into politics, and take from the public $6 to $8 billion a year to subsidize farming.

After the farmers were gone, another group would knock on your door and explain that they want to build houses for themselves but need some help. You would tell them you are having some difficulty meeting payments on your own house and you cannot help. But you do, for the coercive power of government seizes some of the wealth of us all in order to subsidize construction of new homes. In one way or another most of the homes being built today are subsidized by government.

Another group would call upon you and want help with their rent, but you tell them your own housing problem is quite enough. But through the power of government they compel you to subsidize them. So, a very large part of our rental housing property is subsidized by government.

We have formed an almost innumerable number of pressure groups, each using political power to see how much of the wealth of others it can get for its members. When government forgets its responsibility and begins to seize the wealth of some of its citizens for distribution to others, this process will go on until the last bone of the last taxpayer is picked bare. We shall destroy ourselves and decline if we cannot recover from the temptation to covet and steal from one another. To be sure, it is done legally, but this does not alter the essential nature of the act. Three men can gang up politically and legally seize the wealth of a fourth, but it is coveting and stealing, nevertheless. Those who practice it are violating the Commandments of God and in so doing they will destroy themselves and their society. ◈

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TOM ROSE

INFLATION is one of the most important, yet least understood, issues of our day. Contrary to what we might be led to believe by the news media and some high economic advisors, inflation is *not* a rise in the general level of prices (often referred to as an increase in the cost of living). Inflation is simply an increase in the supply of money. This increase in the number of dollars in relation to the goods and services that are put up for sale causes people to bid up prices. Thus, a general rise in prices is the *effect* of inflation. More dollars is the underlying *cause* of the higher prices.

We first must recognize this cause-effect relationship before we can understand the problems and dangers of inflation. Likewise, once we understand this relationship, we can easily see through the fog created by statements like the following, made by high-placed people in our nation, when the inflation (money expansion) *has already taken place!*

"Fortunately, we have been free from inflation and the expectation of imminent inflation.". . . *or*

"The deficits in the last three years have clearly not been inflationary."

Statements such as these give people the mistaken idea that inflation and a rise in prices are *identical* when, in truth, it is inflation that *produces* higher prices. It is because Americans have accepted such statements as true that we have engaged in worthless battles to fight rising prices, when the *real* culprit has been an inflated money supply. In other words, we, like Don Quixote, have become excited about phantom windmills only to leave the real problem untouched. As a doctor

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would say, we have been trying to cure the fever instead of the illness.

What Causes Inflation?

Expansion of our money supply (inflation) takes place through our banking system. The Federal government can, and does, cause new dollars to be created through IOU's (bonds) that it issues. This is how the process works:

1. Congress votes to let the government spend more money during the year than it will collect in taxes. This authorizes the U. S. Treasury Department to print up enough IOU's (bonds) to cover the difference between taxes collected and the amount of money it will spend. (At this point inflation has not yet occurred.)

The Treasury Department sells these IOU's through dealers to anyone who will buy them. If you or I buy one of these bonds, this act is not inflationary because *we use dollars that we have saved.* In other words, we just transfer dollars that are *already in existence.* Our purchase does not add to the money supply.

2. But when a commercial bank purchases or loans money on these government IOU's, new checkbook money can be created because the bank may pay for the bonds by creating a deposit. (It is at *this* point that inflation actually occurs.) In addition, the official reserve ratio, which is set by the Federal Reserve Board, tends to have a multiplier effect of about six to one on the new money. All this newly created money competes with your dollars and my dollars to buy existing goods and services. It is this *increased dollar competition* that causes prices to go up.

Some Results of Inflation

As we have just seen, when government causes an artificial increase in the number of available dollars, the increase tends to reduce the value of existing dollars. It's like adding water to lemonade. Volume increases but the lemonade becomes weaker, and it takes more of the weaker lemonade to do the same job. But that's not all that happens. In addition:

1. Inflation insidiously transfers wealth and purchasing power from the pockets of savers to those who borrow. The value of money that has been saved becomes less as dollars become more numerous. Borrowers later can repay their loans with cheaper dollars. This is one way in which government can cause wealth to be secretly transferred from one person to another—a process that must seem unfair to aging persons who have toiled and saved during a lifetime only to have the value of their savings melt away.

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Another way in which inflation secretly transfers wealth is that the normal distribution of income is upset. The newly created dollars cause prices and wages to rise first in the areas and industries where the government spends them. People who first receive the newly created money get a chance to buy goods and services *before* the inflated money supply causes a general rise in prices. As the new money begins to circulate and causes people to bid up prices, the unfortunate people at the tail-end of this cycle are faced with the problem of paying higher prices *before* their incomes go up. And when their incomes finally rise, another cycle of inflation and rising prices is already started, so they are always behind. Thus, certain people in the economy get a government-bestowed advantage over the others.

2. Inflation kills incentive to save. When savers realize that their dollars buy less when paid back after a period of time, they tend to spend their extra dollars instead of saving them. Or, as an alternative, they increase the amount of interest charged to borrowers to make up for the future loss of purchasing power. The high rates of interest charged in countries with advanced inflation is an example of this. For instance, if the going rate of interest is 5 per cent, but lenders expect the purchasing power of money to drop by 10 per cent during the next year, they will want to charge interest of about 15 per cent for use of their money. In other words, as the incentive to save goes *down*, the cost of inducing people to save goes *up*.

3. Inflation works to lower our standard of living by reducing the productive capacity of our economy. Our high standard of living in America is supported by our tools of production, the machines that produce our goods and services. These tools come into being only through self-denial. Someone, many someones, must be willing to save and invest part of their income in productive tools instead of spending it all on consumer goods and services. Thus, if lack of incentive to save induces people to spend all of their current income, worn-out tools aren't replaced fast enough. Productive capacity drops, and this brings about a lower standard of living.

People generally aren't aware of how thin the line is that separates those countries that have progressing economies from those with stagnant or declining economies. Investigation will show that the so-called underdeveloped nations are the ones where people

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have not had the needed motivation to save part of their incomes for investment in tools of production. Thus, these nations have economies whose productive capacities can't catch up with their booming populations. The United States could easily find itself in the same spot if our people were led to reduce substantially the percentage of their incomes that is saved. And the difference between these countries and the United States is the motivation that individuals have to save.

4. Inflation causes boom-bust cycles like we saw in 1924-38. At first, inflation produces conditions that seem favorable to everyone. Profits go up because selling prices tend to keep ahead of business costs for a while. This induces businessmen to increase plant investment, which causes employment to expand. Wages start going up, fewer businesses fail, and people generally come to believe that the key to continual prosperity has been found. But then demand for the various factors of production – land, labor, and capital – goes up. This increased demand causes their prices to rise. And these prices are business costs. As business costs rise, profits go down, plant investment is cut back, and employment drops. This is the "bust" half of the earlier "boom." This readjustment lasts until costs come down and business activity again becomes profitable.

5. Inflation distorts business results, which is one reason for the above boom-bust cycle. Real profits aren't nearly as big as they appear because they are overstated. Part of a company's reported profit (the amount it pays taxes on) is only "paper profit" and must be siphoned off and put with its depreciation allowance to buy higher-priced equipment as old machines wear out. If the company didn't use part of its profit to do this, its productive tools would gradually become so old and worn out that it could no longer compete in the market place. It would lose money and finally be forced out of business.

In addition, fluctuating price-cost relationships make it more difficult for a company's cost accountants to accurately evaluate the profitability of interlocking business operations. Thus, early losses are not noticed, and needed business adjustments are delayed. This delay causes a less effective use of resources which increases costs.

6. Inflation promotes greater intervention in the economy. As inflation-produced recessions get

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underway, business gets blamed for the downturn, and people turn to government for help. They mistakenly hope that government can come up with quick and painless solutions for the very economic problems that government caused in the first place! Business still carries an undeserved stigma for the Great Depression of the 1930's.

The resulting governmental intervention leads to price, wage, and other controls that reduce individual freedom and initiative. These controls further complicate private enterprise activities, and an endless chain of controls is underway. The result is a continued centralization of power in the Federal government, such as we are seeing today.

7. Inflation hurts people of modest means (the working man) most. It is "the little guy" who is the net creditor in our society and who gets hurt during the "boom" as well as in the "bust." When prices rise, his dollars – which are mostly invested in savings accounts, insurance, and other fixed-dollar assets – lose purchasing power.

When the "bust" finally comes and he is put out of work, his relatively small dollar savings might not be enough to enable him to meet loan payments on his home or car. Thus, he runs a grave risk of losing his built-up equity to the financial institutions that loaned him the money to buy them.

8. Inflation paves the way for dictatorial control of a nation in much the same way that Hitler and Mussolini rose to power forty years ago. It divides people into conflicting factions. Instead of voluntarily cooperating to solve important problems, various groups tend to become antagonistic toward each other.

The end result of continued inflation is to weaken a nation in every respect: Its economic and social structure, its productive capacity, and the standard of living of its people. Thus is a country's economy disrupted and made ripe for easy takeover.

More effects of inflation could be cited, but they all point in one direction: to the final concentration of all power in the central government. This dangerous tendency can be reversed if we recognize that long-term expansion of our money supply can be brought about only through the Federal government and its agency, the Federal Reserve System. Thus, our government must be held responsible for inflation – though we, as citizens, remain finally accountable for what we allow our government to do. ◈

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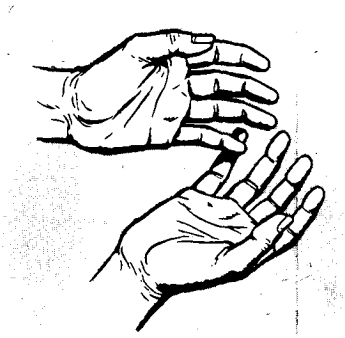

Man's Priceless Heritage

MURIEL OSTERHAUS

HAVE YOU EVER stopped to consider what a phenomenal gift you have in that remarkably maneuverable instrument you call your hand? How like us humans to casually take for granted this amazing tool which so faithfully serves us all the days of our lives, for better or for worse as the mind wills it. How fitting that the first thing a baby really notices in the strange new outside world is that fascinating bit of wonderment which waves and floats and sometimes jerks in the air above it like some pretty pink-petaled built-in mobile. Yet this same soft tiny hand, so seemingly fragile, shows surprising strength and tenacity when a giant grown-up finger reaches out to its miniature daintiness!

Mrs. Osterhaus, a California housewife, attributes this article to a FEE Seminar she attended recently.

Think what it must have been like thousands of years ago for the man living like an animal with no clothing, no shelter, no food save that which he could wrest from nature with his only tool—his gnarled, scarred, bare hand. In time his brain, superior to that of other living creatures, began to reason out ways and means for making his lot an easier and more rewarding one. He ingeniously devised ways of augmenting the power and usefulness of his hand by using a stone or a broken branch of a tree, and then by fashioning a crude axe and other rough tools of invaluable worth to his hitherto limited capabilities. The development of man and the emergence from the animal state was painfully slow, with innumerable setbacks over the ages; but now, millennia later, miracles too vast and complex for any single

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human being to comprehend even an infinitesimal fraction of their wonders are all around us as commonplace as the long-ago Stone Age axe.

To what do we really owe all these extraordinary achievements so painstakingly won? Is it perhaps to a master plan of some all-encompassing human authority which has dictated to man what he may or may not do with his natural abilities? Most emphatically not! For the most astounding forward strides have been made when man's mind and hand were least fettered, leaving him free to experiment with his own individual ideas and talents. Nowhere, in the history of the human race, has this progress been so marked as during the comparatively brief span since the founding of our own country under seemingly insurmountable hardships and frustrations.

Today, we Americans would do well to take a moment out from our high-pressured existence to really examine our soft and cultured hands and to mentally "transport" ourselves back over the centuries and reflect on the accomplishments of these like implements of our forebears. In retrospect we would see so clearly that individual man can literally be stopped at nothing – even to building "a stairway to the stars" – just so long as he is a free agent left to express with his mind and his obedient hand whatsoever "impossible" dream may arouse his imagination. The infinite bounty of our God-given natural resources is far beyond our understanding and is the material key, of course, to human progress.

If the hand of each human being were allowed and encouraged to follow the opportunity afforded its own purely individual destiny, and if the mind guiding it were in tune with the omniscient Mind which planned and created the universe, the affairs of our world would be as orderly as the stars in their courses. Each man would by nature develop his own potential to the good of himself and, concordantly, of his fellow men by fitting comfortably and happily into the beautiful, fruitful, and harmonious pattern originally designed by the invisible hand of God. ◈

IDEAS ON LIBERTY

J. Kesner Kahn

THE NEW concept of a Free Society is one where everything is free – except people.

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WHO PAYS WAGES?

HANS F. SENNHOLZ

ONE of the fundamental pillars of the individual enterprise system is market pricing. Without it, there can be no economic freedom, no free economy, no enterprise system called capitalism. With it, there can be no comprehensive economic regimentation called socialism.

Some prices directly relate to the economic actions of comparatively few buyers and sellers. Others, however, are of utmost importance for nearly all individuals. This is true especially of the prices of human labor, commonly called wages, salaries, professional fees, and honoraria. From the point of view of the buyer, they are called "labor costs."

The socialists profess moral anguish and disgust about this proposition that applies the economics of price to human labor. "How heartless and merciless," they proclaim, "to apply economic calculation and cost consideration to labor exertions that encompass a person's moral, intellectual, and physical efforts, in fact, his whole person!"

It is true that when I sell my own labor, all these considerations influence my mode of action. I wish that all the buyers of my labor would, for once, disregard their own calculations of usefulness and cost, and attach an exceptionally high value to my services. I could then revel in leisure and luxury and, in turn, pay no attention to other people's labor costs.

But in our world of reality, which is a world of material limitation, the buyers of my services do apply their yardsticks of usefulness and cost, as I apply my own valuation to the services of all others. When I buy an automobile, I judge its transportation utility for myself and my family.

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When I choose a certain manufacturer's model, color, and year, I do not inquire about the human labor embodied in the car. I do not care to know how many hours of countless different kinds of labor went into the production of the vehicle itself as well as into the materials and tools which it required. And even if I would inquire into the quantity and quality of the labor embodied in the car, I would not offer to disregard all considerations of usefulness and cost on account of that labor. In fact, I would not offer to pay double the customary price, or even one dollar more, by reason of knowing more about the human labor spent on its construction.

Man judges material goods and services according to their usefulness to his moral, intellectual, and physical well-being. In particular, man judges labor services according to their utility for well-being, no matter whether they are embodied in material goods or are rendered directly.

Consumers Prevail

What, then, is the value of my labor in the labor market? If it is not my wishful thinking and day-dreaming that determine its value, who judges my labor? It is the businessmen who combine the factors of production – land, labor, and capital – in the manufacture of material goods and the rendition of services. These businessmen who buy human labor, in turn, receive their orders and scales of valuation from the consumers who are the ultimate judges of economic value in the market place.

Millions of consumers determine the economic value of the services rendered by such entertainers as Elizabeth Taylor and Patti Page. And simultaneously, they determine the income of these "stars." A businessman who contracts to buy entertainment services has no choice but to pay the maximum remuneration set and paid by the millions of people who seek entertainment. If, through her appearance in a moving picture, Elizabeth Taylor adds one million dollars in box office receipts to the value of the picture, her promoter-employer has no choice but to pay her in proportion. For if he were to offer her appreciably less, other promoters who compete with him would bid up the price until Miss Taylor's income reflected the entertainment value attached to her role by the millions of moviegoers.

The same principles apply to all other professions and occupations. The income of medical doctors is determined by the patients who seek their services; it reflects the

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dollar amount people are willing to spend on medical services. A patient who seeks treatment of his common cold, for instance, seeks professional help at the lowest possible cost. At a given supply of general practitioners, he may have to spend $5 for an office call, which becomes the market price for such services and, simultaneously, the doctor's income. If, at a given supply of general practitioners, more people would seek the doctor's help, the price for his services, and consequently his income, would tend to rise. If, on the other hand, more qualified men and women would enter the medical profession, at a given demand for such services, the market price, and consequently also the doctor's income, would tend to decline.

The same principles of price and income determination apply also to unskilled labor. As long as human labor is useful in the production of material goods or the rendition of direct services, there will be an active demand for it. This demand is completely encompassed by the usefulness or utility of the labor. As Elizabeth Taylor's income is determined by the cash value of the moving pictures that contain her entertainment services, so is the income of the laborer who repairs the kitchen sink or sidewalk.

No one, including the laborer of various skills and experiences, can earn more than the value of his product or service rendered; and no one earns much less in our competitive individual enterprise system. The intense *competition* among numerous promoters and producers closes any potential gap. As the competing film producers are bidding up Miss Taylor's income until it reaches the very limit of her acting value, so do thousands of businessmen bid up the prices and wages of every laborer. The competition is especially intense for common labor because of its general usefulness in practically every economic enterprise.

Manifold competition among employers holds my income in accordance with my contribution to economic production. It is true, employers are fallible men who may occasionally overestimate or underestimate the value of my services. In case they overestimate them, the ensuing losses from my employment may cause an instant reduction of my wages, or my dismissal. In case they underestimate my productive value, they may indeed earn a profit on my employment. But then, competition for my services will tend to raise me again to the very limit of my productive worth.

In a free society, the worker

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himself has the means to insure that his income coincides with his personal productivity. This is his *mobility*, his freedom to move about in the labor market. If I should feel that my work is not appreciated, that I produce more than I receive, that I could be more productive in other employment, I am free to seek another position in which my productivity is higher or my present productivity is appraised more highly. Numerous employment agencies would eagerly assist me.

Socialist Objections

The socialists would dispute this application of economic principles to human labor. They would deny that the competition among employers tends to drive wage rates up to the point of product and service value. Businessmen tend to restrain this kind of competition, socialists assert, and consequently the working man is underpaid and exploited.

In the first place, I would reject the implicit charge of collective conspiracy on the part of millions of businessmen. Morally and intellectually, they do not differ significantly from other members of society; and I resent any depiction of millions of our fellow men as stonehearted monsters eagerly conspiring to grind others down.

But even if it were true that employers collectively endeavored to exploit their co-workers, they would soon see it is to their own advantage to compete with each other. Let us assume that a college instructor produces an annual net income of $10,000 in student tuition and, therefore, draws a $10,000 salary. Now, if all American college presidents were to conspire to cut instructors' salaries to $1,000 per year, in order to fill their own pockets or construct more dormitories and lecture halls, new competition would soon void the restraint agreement. For it would be profitable for any college that needs instructors to raise its bid to $2,000, then $3,000, and $4,000, and so forth, thus to earn $8,000, $7,000, and $6,000 respectively, rather than watch other colleges earn $9,000 on the man. In fact, it would be profitable for this college to raise its bid to $9,999 and thus earn one dollar rather than nothing. New colleges in need of a faculty, colleges that would like to expand on account of the low instruction costs, would be inclined to bid for the necessary labor. In no time at all, new competition would drive instructors' wages up toward the limit of each instructor's productive worth.

Furthermore, instructors are protected by their ability to move. Can anyone imagine college pro-

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fessors holding still while the president cut wages? With the speed of a modern jet, they would desert the classrooms and disperse throughout American industry.

The socialists refuse to see all this; they reiterate their notions of labor exploitation and aim to indoctrinate anyone willing to listen. Their favorite target is the common laborer who earns less than all others. But he is earning less because he is producing less, not because he is exploited. On the contrary, because his labor has such general usefulness, so that even housewives can employ him, in every town, village, and home, the competition for his service is the keenest. How can anyone deny that there is keener competition for such labor than for that of a professional person, for instance, a Ph.D. in astronomy?

The socialists retort that the common laborer lacks the mobility that permits him to find the best possible market. But, in the United States, even the laborer owns an automobile, or at least has access to modern means of public transportation. And his mobility may well be greater than that of persons more likely to own real property that may hamper their freedom to move.

Another standard argument of the socialist is that common laborers are ignorant of the market opportunities; they do not know where and at what rate they can best market their labor. In reality, this assumption of the worker's ignorance and stupidity badly underrates him. After all, the worker can read the want ads in his daily paper – or find a friend who can read. Workers learn from each other what other employers are paying for similar labor services.

The socialist argument for unionization is that the individual worker is utterly defenseless against the tremendous "holding power" or reserves of industrialists – that the workers must unite and face the "monster" in a collective assault. But such generalization hardly squares with reality. The great number of bankruptcies of all kinds of enterprise disproves the notion that all businessmen have holding power. Many live "from hand to mouth" and encounter great difficulty in meeting their current obligations. But even if it were true that the worker has fewer reserves, what difference does it make in the determination of wages? Even if the college that employs me as economics instructor has greater "holding power" than I, the poor teacher, my salary would still be subject to the competition among all institutions of learning and to my own mobility in the labor mar-

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ket. Whether or not I have reserves, my wage will be determined by the willingness of people to buy higher education.

In trying to prove that labor is exploited, socialists use one argument that I find especially irksome. They describe in darkest colors the labor conditions of millions of immigrants. These poor and ignorant persons, we are told, suffer exploitation and abuse, without a voice of protest, in an alien country that is preying on their timidity and misery. As an immigrant, I resent these socialist charges and reject them. Who, pray tell, has shown greater mobility in the labor market than the immigrant who has moved many thousands of miles, crossed oceans and borders, learned different languages and customs, in order to find the best possible market for his particular labor services? With such impressive record of mobility, he could move again, to another state or county, even to another country or back to his native land, at the first sign of exploitation. The allegation that anyone has taken advantage of him, ground him into poverty and misery, is absurd.

Exploitation Abroad

The socialists, however, do not readily withdraw their charges of capitalist exploitation. They point to the miserable labor conditions and incredibly low wages in undeveloped countries. Do these not represent examples of human exploitation? It is true, of course, that Asia and Africa are burdened with poverty and misery. But these cannot be placed on the doorsteps of the market system. The peoples of Asia and Africa long have labored under utterly different systems of economic organization, such as tribal communism or feudalism. And today, they prefer state socialism over the market order which they despise and denounce. Any exploitation and misery they suffer must be attributed to the systems they have embraced – not to competitive capitalism.

But what about those countries in Europe and Latin America that are organized along lines of the market order and yet labor in relative poverty? Do they not reveal the presence of labor exploitation?

Many Latin American countries suffer not only from the remnants of feudalism but also from radical government intervention. Under these institutional handicaps, labor productivity has stayed relatively low. The capital invested in production facilities is relatively scarce when compared with that of the U.S.A. Consequently, labor productivity is lower in those

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lands, and wage rates fall short of American rates.

The American worker earns a higher income than his European or Latin American counterpart because of his higher labor productivity. And this higher productivity is the result, not of such ambiguous qualities as IQ, know-how, diligence, or physical strength, but greater help from capital in the form of better tools, equipment, machines, and other facilities of production. The American worker may be equipped with $20,000 worth of power tools, representing 10,000 units of horse power, while his South American neighbor labors with crude tools and equipment. Consequently, the American worker produces much more per hour of labor and, therefore, earns much more than his unfortunate neighbors.

Why is it that Americans have more capital invested per worker than in any other country? The ultimate reason for their higher investment and productivity must, of course, be sought in the different economic systems. These, in turn, are conditioned by the different political, social, and economic philosophies. During more than 150 years of American history, the people enjoyed an unprecedented degree of individual freedom and unhampered enterprise, with safety for private property and capital investment. People were free to save and invest, build and create, without an omnipresent and omniscient state. Private property was safeguarded, so that it could be invested to improve working and living conditions.

Europeans, too, under the ideological and economic leadership of Great Britain, had made a conspicuous beginning on this road of individual freedom and private property. But toward the end of the nineteenth century, they relapsed into various manifestations of collectivism. Enmeshed in ideas and notions of social conflict, the desirability of economic equality, redistribution of wealth and income, government supervision and control, they have reverted toward socialism, conflict, and war. Their governments have dissipated capital resources and hampered individual economic development. And that trend, unfortunately, is sweeping over America, too.

The important fact is that the differences in political, social, and economic outlook explain the difference in income and wealth. The "know-how" that once set America apart from the rest of the world is not technological, nor biological, but the knowledge that freedom best serves the interest of individuals and of mankind. ◈

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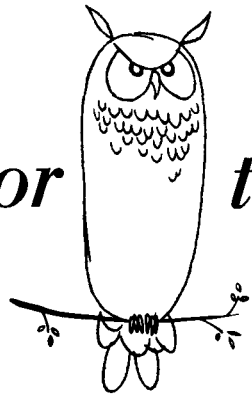
For the Birds?



W. M. CURTISS

BUSINESSMEN have been mildly shocked by recent indications of a growing disrespect among college students for business as a vocation. "The word on the campus," according to one reporter, "is that business is for the birds." Is this a reasonable conclusion? And, if so, what can be done about it?

Some of this apparent lack of interest in business might be attributed to the growing opportunities for college graduates in other fields. Nevertheless, many businessmen are concerned that their image on campus should be so unattractive. Recruiters return from college interviews, reporting student scorn for business as a vocation, with businessmen pictured as working in a high-pressure, conformist atmosphere with superficial values. Some describe business as an "intellectual Siberia."

Statistics seem to support these alarmist views. One-fourth of the college graduates go on to graduate school, and the proportion is growing; 84 per cent of a recent graduating class at Harvard went to graduate school. Some of these, of course, will find their way into business; but greater opportunities in teaching, research, and government service, both domestic and foreign, also open up to the graduate student. From one leading college, nearly as many graduates entered the Peace Corps as went directly into business.

Furthermore, recruiters for business say the top men in the graduating class are "getting away." As one recruiter put it: "No sooner does a man show any ability at all than the profs are on his back to get him into teaching or research." There can be no doubt that opportunities for college graduates, outside of business,

Dr. Curtiss is Executive Secretary of the Foundation for Economic Education and supervises the Business Fellowship Program outlined in this article.

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have increased tremendously. In teaching alone, the opportunities have mushroomed. With a growing proportion of a rapidly increasing population going to colleges and graduate schools, teaching and administrative staffs must grow apace.

To Man the "Great Society"

Government becomes ever more involved in the "great society," with world-wide military installations, welfare services at home, public housing projects, highways, hospitals, regulatory agencies, to mention just a few. All these tax-supported activities draw heavily upon the young talent emerging from our colleges. This should come as no surprise to anyone who is aware that the government takes more than two-fifths of our production. And beyond this powerful magnet of seemingly unlimited funds, the government further exercises the power to draft some of its manpower.

In view of the widening opportunities for college graduates outside of business, businessmen must face up to this growing competition. Some are attempting to strengthen their recruiting programs. A few offer summer jobs to students with a hope of attracting them to permanent spots after graduation. And some are discovering that serious students may be less interested in promises of lavish entertainment and fringe benefits than in genuine and lasting intellectual satisfactions that can be had by contributions in the world of business.

But how does one overcome the idea, said to be prevalent among a growing number of graduates, that "business is a dirty word"; that "business is for the birds!"?

If the image is correct, then of course this is the image that should prevail. But if this is a mistaken image, as many businessmen and others believe, then it should be corrected.

How do young people formulate their ideas about business? Some simply observe what goes on around them. Some of their impressions doubtless are gained in their homes. But a great many are guided by what they hear from their teachers, both in high school and college. If a professor believes that the world of business is populated by a high proportion of dim-witted, money-grubbing, materialistic individuals, then it would not be surprising if his students come to hold such views.

Improvements Underway

It is to offset such a possibility that business firms, often in cooperation with colleges, have developed a variety of programs aimed at improving the business image

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among teachers and the academic image among businessmen.

A single teacher may influence several thousand young students in his classes and by his writings. This, of course, is as true of English, science, history, and mathematics teachers as it is of those who teach economics or political science. All may have a bearing on the student's image of business.

One of the newer developments for recruiting young men from colleges, and at the same time improving the business image on the campus, is to be found in the "University Relations" departments in business firms. Small firms can hardly afford the luxury of such specialization, but a number of large firms can and do, and with apparent success.

Some firms have made it possible for a professor, on sabbatical or on leave, to spend a "year in industry." This can be especially beneficial to both parties if the professor has matured to the point where he can make a genuine contribution to the operation of the business. For a young man just out of graduate school, the danger is that he may find himself doing some routine job which may be important to the operation of the business, but which may not give him the perspective of a firm which he seeks. Some college deans have been wary of such programs, fearing they may permanently deplete their staff of teachers.

In a few instances, a "swap program" has been arranged, where a businessman tries his hand at teaching and a professor at business. This can be most profitable to both; but circumstances would seem to limit this arrangement for many individuals.

A program which holds great promise, and already has shown beneficial results, is the industry-education seminar. Dr. Thomas J. Hailstones, Dean of Business at Xavier University in Cincinnati, describes his experience with such seminars in the May/June, 1965, issue of *Steelways*. He tells of bringing together 50 or 60 economics professors and business executives for the express purpose of "rubbing their intellects together." For the professors, he says: "Textbook principles take on new meaning and excitement for the college professor when they are seen in practice in their original context. The enthusiasm and knowledge of the professor is enhanced when he analyzes and discusses the complexities of problems with his industrial counterpart. I have watched that enthusiasm and knowledge carried back to the classroom." The advantages to business are obvious.

An outgrowth of many of the various programs which bring pro-

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fessors and businessmen together is often a consultant relationship between the professor and a business firm. The special talents of a professor thus may be called into use from time to time and over a period of years. This, of course, can be directly beneficial to the relationship between "town and gown."

FEE's Business Fellowship Program

Shortly after World War II, the Foundation for Economic Education started a program to bring college professors and businessmen together during the summer months. The eighteenth year of this program has just been completed, and arrangements are now being made for the summer of 1966.

In this Program, a professor, selected by a firm from a number of applicants, spends six weeks at the headquarters of the firm in an effort to gain a comprehensive view of the entire operations of the business. In 1965, 72 professors from 66 different colleges and universities spent the summer with 54 business firms located throughout the country. Nearly 1,200 professors have had this experience during the past 18 years. Most of them are teachers of economics, business, and related subjects pertaining to the broad principles of business and the philosophy of management with all its ramifications. A few have come from English departments – especially business communications – and from political science, sociology, guidance and placement, and history.

The Foundation's role is merely one of bringing the two parties together. The Foundation encourages business firms to sponsor such fellowships and accepts applications from the professors. One necessary detail in processing the applications is to attempt a matching of the specifications listed by business firms with special requests of professors. The business firm pays the professor his traveling expenses and a stipend intended to cover his living expenses for the six weeks. The financial contribution of the firm is substantial, though this may not fully offset the costs to the professor of other employment opportunities he has had to forego, plus the added expense of maintaining his family at home during his absence.

What Are the Benefits?

It is always difficult, if not impossible, to measure the benefits of such a program. Each professor is invited to report his experiences to the business firm at the close of his study. These reports vary from a simple thank-you letter to a detailed, extensive an-

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alysis of some special problem of management. A well-done project, of course, may be of direct benefit to the business and a source of considerable satisfaction to the professor.

But the greatest benefits, both to business firms and to the professors, are somewhat intangible and pertain to the long run. A professor has an opportunity to check his textbook theories against what actually happens, and this helps him to become a more effective teacher. If he is a counselor or placement officer, he can advise his students with more confidence. In their reports on their fellowships, a number of professors have said: "This was the most profitable summer I have ever spent."

A business firm may receive help from a professor that will show up on the operating statement. However, this is rare and an "extra dividend," if it occurs. A number of heads of businesses have said it is beneficial to have a professor come in from the outside and question management men about their work. It encourages the men to view their jobs in the perspective of the entire business.

The chief benefit is that such business orientation may help the college professor do his job better. If so, his students may become better recruits for the business community. And, above all, these college-business fellowships should help to create a more faithful business image on the campus. ◈

MEMO: To Businessmen

ENTER FEE'S 1966 BUSINESS FELLOWSHIP PROGRAM

Invite a college professor (or several) to study your business. It should improve the understanding of young men and women coming out of our colleges.

For details, write to W. M. Curtiss

THE FOUNDATION FOR ECONOMIC EDUCATION, IRVINGTON-ON-HUDSON, NEW YORK

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EDITOR'S NOTE: To David Lawrence and his editorial in *U. S. News and World Report* of August 23, we are indebted for the reminder of Herbert Spencer's classic presentation of the case for individual liberty.

The following excerpts are from the collection of Spencer's essays, written during the latter nineteenth century and republished by Caxton Printers in 1940 as *The Man Versus The State* (213 pp. $3.50 cloth; also available from the Foundation for Economic Education, Inc., Irvington-on-Hudson, New York.)

The New Liberalism

HERBERT SPENCER

IT SEEMS NEEDFUL to remind everybody what Liberalism was in the past, that they may perceive its unlikeness to the so-called Liberalism of the present. . . . They do not remember that, in one or other way, all these truly Liberal changes diminished compulsory co-operation throughout social life and increased voluntary co-operation. They have forgotten that in one direction or other, they diminished the range of governmental authority, and increased the area within which each citizen may act unchecked. They have lost sight of the truth that in past times Liberalism habitually stood for individual freedom *versus* State-coercion.

And now comes the inquiry — How is it that Liberals have lost sight of this? How is it that Liberalism, getting more and more into power, has grown more and more coercive in its legislation? How is it that, either directly through its own majorities or indirectly through aid given in such cases to the majorities of its opponents, Liberalism has to an increasing extent adopted the policy of dictating the actions of citizens, and, by consequence, diminishing the range throughout which their actions remain free? How are we

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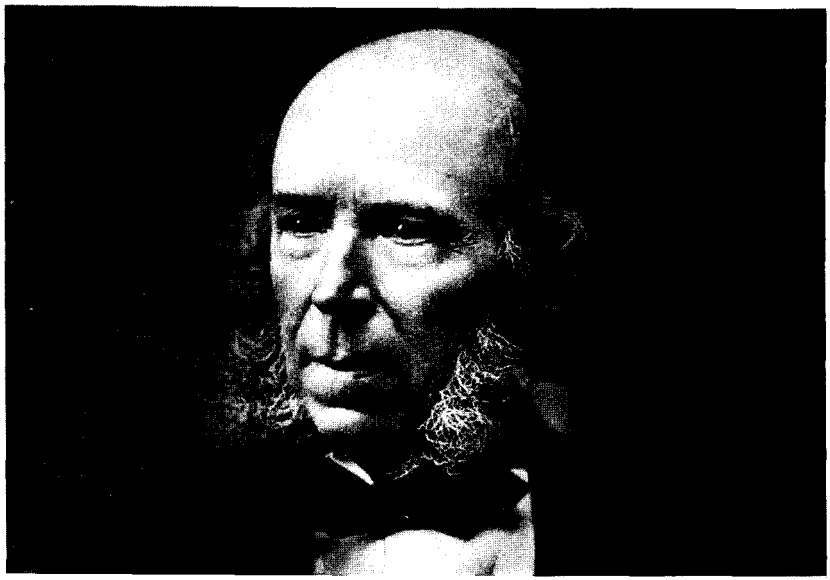

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to explain this spreading confusion of thought which has led it, in pursuit of what appears to be public good, to invert the method by which in earlier days it achieved public good?

Unaccountable as at first sight this unconscious change of policy seems, we shall find that it has arisen quite naturally. Given the unanalytical thought ordinarily brought to bear on political matters, and, under existing conditions, nothing else was to be expected. . . .

For what, in the popular apprehension and in the apprehension of those who effected them, were the changes made by Liberals in the past? They were abolitions of grievances suffered by the people, or by portions of them: this was the common trait they had which most impressed itself on men's minds. They were mitigations of evils which had directly or indirectly been felt by large classes of citizens, as causes to misery or as hindrances to happiness. And since, in the minds of most, a rectified evil is equivalent to an achieved good, these measures came to be thought of as so many positive benefits; and the welfare of the many came to be conceived alike by Liberal statesmen and

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Liberal voters as the aim of Liberalism. Hence the confusion. The gaining of a popular good, being the external conspicuous trait common to Liberal measures in earlier days (then in each case gained by a relaxation of restraints), it has happened that popular good has come to be sought by Liberals, not as an end to be indirectly gained by relaxations of restraints, but as the end to be directly gained. And seeking to gain it directly, they have used methods intrinsically opposed to those originally used....

Things to Come

But we are far from forming an adequate conception if we look only at the compulsory legislation which has actually been established of late years. We must look also at that which is advocated, and which threatens to be far more sweeping in range and stringent in character. We have lately had a Cabinet Minister, one of the most advanced Liberals, so-called, who pooh-poohs the plans of the late Government for improving industrial dwellings as so much "tinkering"; and contends for effectual coercion to be exercised over owners of small houses, over landowners, and over ratepayers. Here is another Cabinet Minister who, addressing his constituents, speaks slightingly of the doings of philanthropic societies and religious bodies to help the poor, and says that "the whole of the people of this country ought to look upon this work as being their own work": that is to say, some extensive Government measure is called for.

Again, we have a Radical member of Parliament who leads a large and powerful body, aiming with annually-increasing promise of success, to enforce sobriety by giving to local majorities powers to prevent freedom of exchange in respect of certain commodities. Regulation of the hours of labour for certain classes, which has been made more and more general by successive extensions of the Factories Acts, is likely now to be made still more general: a measure is to be proposed bringing the employés in all shops under such regulation.

There is a rising demand, too, that education shall be made gratis (*i.e.*, tax-supported), for all. The payment of school-fees is beginning to be denounced as a wrong: the State must take the whole burden. Moreover, it is proposed by many that the State, regarded as an undoubtedly competent judge of what constitutes good education for the poor, shall undertake also to prescribe good education for the middle class — shall stamp the children of these, too, after a State pattern, concern-

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ing the goodness of which they have no more doubt than the Chinese had when they fixed theirs. Then there is the "endowment of research," of late energetically urged. Already the Government gives every year the sum of £4,000 for this purpose, to be distributed through the Royal Society; and, in the absence of those who have strong motives for resisting the pressure of the interested, backed by those they easily persuade, it may by-and-by establish that paid "priesthood of science" long ago advocated by Sir David Brewster. Once more, plausible proposals are made that there should be organized a system of compulsory insurance, by which men during their early lives shall be forced to provide for the time when they will be incapacitated.

Nor does enumeration of these further measures of coercive rule, looming on us near at hand or in the distance, complete the account. Nothing more than cursory allusion has yet been made to that accompanying compulsion which takes the form of increased taxation, general and local. Partly for defraying the costs of carrying out these ever-multiplying sets of regulations, each of which requires an additional staff of officers, and partly to meet the outlay for new public institutions, such as board-schools, free libraries, public museums, baths and washhouses, recreation grounds, &c., &c., local rates are year after year increased; as the general taxation is increased by grants for education and to the departments of science and art, &c. Every one of these involves further coercion – restricts still more the freedom of the citizen. For the implied address accompanying every additional exaction is – "Hitherto you have been free to spend this portion of your earnings in any way which pleased you; hereafter you shall not be free so to spend it, but we will spend it for the general benefit." Thus, either directly or indirectly, and in most cases both at once, the citizen is at each further stage in the growth of this compulsory legislation, deprived of some liberty which he previously had. . . .

Impact on the Individual

In the first place, the real issue is whether the lives of citizens are more interfered with than they were; not the nature of the agency which interferes with them. Take a simpler case. A member of a trades' union has joined others in establishing an organization of a purely representative character. By it he is compelled to strike if a majority so decide; he is forbidden to accept work save under the conditions they dictate; he is pre-

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vented from profiting by his superior ability or energy to the extent he might do were it not for their interdict. He cannot disobey without abandoning those pecuniary benefits of the organization for which he has subscribed, and bringing on himself the persecution, and perhaps violence, of his fellows. Is he any the less coerced because the body coercing him is one which he had an equal voice with the rest in forming?

In the second place, if it be objected that the analogy is faulty, since the governing body of a nation, to which, as protector of the national life and interests, all must submit under penalty of social disorganization, has a far higher authority over citizens than the government of any private organization can have over its members; then the reply is that, granting the difference, the answer made continues valid. If men use their liberty in such a way as to surrender their liberty, are they thereafter any the less slaves? If people by a *plebiscite* elect a man despot over them, do they remain free because the despotism was of their own making? Are the coercive edicts issued by him to be regarded as legitimate because they are the ultimate outcome of their own votes? . . .

This reply is, that these multitudinous restraining acts are not defensible on the ground that they proceed from a popularly-chosen body; for that the authority of a popularly-chosen body is no more to be regarded as an unlimited authority than the authority of a monarch; and that as true Liberalism in the past disputed the assumption of a monarch's unlimited authority, so true Liberalism in the present will dispute the assumption of unlimited parliamentary authority. . . .

Not the Form of Government, But the Restraints Imposed

The liberty which a citizen enjoys is to be measured, not by the nature of the governmental machinery he lives under, whether representative or other, but by the relative paucity of the restraints it imposes on him; and that, whether this machinery is or is not one he shared in making, its actions are not of the kind proper to Liberalism if they increase such restraints beyond those which are needful for preventing him from directly or indirectly aggressing on his fellows – needful, that is, for maintaining the liberties of his fellows against his invasions of them: restraints which are, therefore, to be distinguished as negatively coercive, not positively coercive. . . .

Paper constitutions raise smiles on the faces of those who have ob-

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served their results; and paper social systems similarly affect those who have contemplated the available evidence. How little the men who wrought the French Revolution and were chiefly concerned in setting up the new governmental apparatus, dreamt that one of the early actions of this apparatus would be to behead them all! How little the men who drew up the American Declaration of Independence and framed the republic, anticipated that after some generations the legislature would lapse into the hands of wire-pullers; that its doings would turn upon the contests of office-seekers; that political action would be everywhere vitiated by the intrusion of a foreign element holding the balance between parties; that electors, instead of judging for themselves, would habitually be led to the polls in thousands by their "bosses"; and that respectable men would be driven out of public life by the insults and slanders of professional politicians. . . .

The working of institutions is determined by men's characters; and the existing defects in their characters will inevitably bring about the results above indicated. There is no adequate endowment of those sentiments required to prevent the growth of a despotic bureaucracy. . . .

How Unselfish Are They?

But without occupying space with indirect proofs that the mass of men have not the natures required to check the development of tyrannical officialism, it will suffice to contemplate the direct proofs furnished by those classes among whom the socialistic idea most predominates, and who think themselves most interested in propagating it; the operative classes. These would constitute the great body of the socialistic organization, and their characters would determine its nature. What, then, are their characters as displayed in such organizations as they have already formed?

Instead of the selfishness of the employing classes and the selfishness of competition, we are to have the unselfishness of a mutually-aiding system. How far is this unselfishness now shown in the behavior of working men to one another? What shall we say to the rules limiting the numbers of new hands admitted into each trade, or to the rules which hinder ascent from inferior classes of workers to superior classes? One does not see in such regulations any of that altruism by which socialism is to be pervaded. Contrariwise, one sees a pursuit of private interests no less keen than among traders. Hence, unless we suppose that men's natures will be

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suddenly exalted, we must conclude that the pursuit of private interests will sway the doings of all the component classes in a socialistic society.

With passive disregard of others' claims goes active encroachment on them. "Be one of us or we will cut off your means of living," is the usual threat of each trades-union to outsiders of the same trade. While their members insist on their own freedom to combine and fix the rates at which they will work (as they are perfectly justified in doing), the freedom of those who disagree with them is not only denied but the assertion of it is treated as a crime. Individuals who maintain their rights to make their own contracts are vilified as "blacklegs" and "traitors," and meet with violence which would be merciless were there no legal penalties and no police.

The Closed Shop

Along with this trampling on the liberties of men of their own class, there goes peremptory dictation to the employing class: not prescribed terms and working arrangements only shall be conformed to, but none save those belonging to their body shall be employed; nay, in some cases, there shall be a strike if the employer carries on transactions with trading bodies that give work to non-union men. Here, then, we are variously shown by trades-unions, or at any rate by the newer trades-unions, a determination to impose their regulations without regard to the rights of those who are to be coerced. So complete is the inversion of ideas and sentiments that maintenance of these rights is regarded as vicious and trespass upon them as virtuous.*

Along with this aggressiveness in one direction there goes submissiveness in another direction. The

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*Marvellous are the conclusions men reach when once they desert the simple principle that each man should be allowed to pursue the objects of life, restrained only by the limits which the similar pursuits of their objects by other men impose. A generation ago we heard loud assertions of "the right to labor," that is, the right to have labor provided; and there are still not a few who think the community bound to find work for each person. Compare this with the doctrine current in France at the time when the monarchical power culminated; namely, that "the right of working is a royal right which the prince can sell and the subjects must buy." This contrast is startling enough; but a contrast still more startling is being provided for us. We now see a resuscitation of the despotic doctrine, differing only by the substitution of trades-unions for kings. For now that trades-unions are becoming universal, and each artisan has to pay prescribed monies to one or another of them, with the alternative of being a non-unionist to whom work is denied by force, it has come to this: that the right to labor is a trade-union right, which the trade-union can sell and the individual worker must buy!

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coercion of outsiders by unionists is paralleled only by their subjection to their leaders. That they may conquer in the struggle they surrender their individual liberties and individual judgments, and show no resentment, however dictatorial may be the rule exercised over them. Everywhere we see such subordination that bodies of workmen unanimously leave their work or return to it as their authorities order them. Nor do they resist when taxed all round to support strikers whose acts they may or may not approve, but instead, ill-treat recalcitrant members of their body who do not subscribe.

How Far Will They Go?

The traits thus shown must be operative in any new social organization, and the question to be asked is, What will result from their operation when they are relieved from all restraints? At present the separate bodies of men displaying them are in the midst of a society partially passive, partially antagonistic; are subject to the criticisms and reprobations of an independent press; and are under the control of law, enforced by police. If in these circumstances these bodies habitually take courses which override individual freedom, what will happen when, instead of being only scattered parts of the community, governed by their separate sets of regulators, they constitute the whole community, governed by a consolidated system of such regulators; when functionaries of all orders, including those who officer the press, form parts of the regulative organization; and when the law is both enacted and administered by this regulative organization?

The fanatical adherents of a social theory are capable of taking any measures, no matter how extreme, for carrying out their views: holding, like the merciless priesthoods of past times, that the end justifies the means. And when a general socialistic organization has been established, the vast, ramified, and consolidated body of those who direct its activities, using without check whatever coercion seems to them needful in the interests of the system (which will practically become their own interests) will have no hesitation in imposing their rigorous rule over the entire lives of the actual workers; until, eventually, there is developed an official oligarchy, with its various grades, exercising a tyranny more gigantic and more terrible than any which the world has seen. ◈

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. . . A CLICHÉ OF SOCIALISM:

"Under Public Ownership, We, the People, Own It!"

LEONARD E. READ

PUBLIC OWNERSHIP and government control are synonymous terms – two ways of expressing an identical concept.

The popular notion is that a resource or service is the possession of we, the people, when it is under government ownership and dispensation, and that we, the people, are objects of exploitation when resources are under private ownership and willing exchange. Socialism – public ownership–will continue to expand as long as this notion dominates.

In Brazil, for instance, private exploration and refining of oil resources are denied to both domestic and foreign entrepreneurs. Government has a monopoly of this industry. As a consequence, Brazilians innocently exclaim, *"Ó petroleo é nosso"*– the oil is ours! But if they will only look in their gas tanks, they'll discover two gallons from private enterprising foreigners to each gallon of what they naively call "ours." The reason for this? Government ownership and operation produces only one-third the quantity required for local consumption; some 200,000 barrels must be imported daily.

Had our Indians followed the Brazilian type of logic, they could have exclaimed, 500 years ago, "The oil is ours," even though they were unaware of this untapped resource. Or, to suggest a comparable absurdity, we can, after planting the American flag on the moon, claim that satellite to be "ours." I only ask, what's the point in avowing ownership of any unavailable resource or service?

Public ownership, so-called, contrary to popular notions, is definitely not we-the-people ownership. If it were, we could exchange our share in TVA or the Post Office for dollars, just as we can exchange a share of corporation stock for dollars.

At least two conditions are nec-

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essary for ownership to exist: (1) having title, and (2) having control. In Italy, under fascism, titles to assets remained in private hands but control was coercively assumed by the state. The titles were utterly meaningless. Without control, ownership is pure fiction.

While in some vague way "we, the people," are supposed to have title to TVA, for instance, we have not even a vestige of control. I no more control that socialistic venture in power and light than I control the orbiting of men into outer space. "But," some will counter, "neither do you control the corporation in which you hold stock." True, I do not perform the managerial function, but I do control whether or not I'll retain or sell the stock, which is to say, I control whether or not I will share in the gains or losses. Further, I am free to choose whether or not to work for the corporation or to buy or refrain from buying its products. My control in the nongovernmental corporate arrangement is very real, indeed.

Who, then, does control and thus own TVA, the Post Office, and the like? At best, it is a nebulous, shifting control – often difficult to identify. Rooted in political plunder, government ownership and operation is an irresponsible control; that is, there is never a responsibility in precise alignment with authority. The mayor of a city may have complete authority over the socialized water system, but responsibility for failure is by no means commensurately assumed by him. He "passes the buck," as they say. Most people crave authority provided responsibility doesn't go with it. This explains, in part, why political office is so attractive and why "we, the people," do not even remotely own what is held in the name of public ownership.

One truly owns those things to which he holds exclusive title and exclusive control, and for which he has responsibility. Let any American inventory his possessions. These will be, preponderantly, those goods and services obtained from private sources in open exchange: power and light, cameras, autos, gasoline, or any of the millions of goods and services by which we live. The things that are privately owned by others are far more available for one's own title and control than is the case in "public ownership."

Public ownership often creates distracting and, at the same time, attractive illusions. For instance, people served by TVA are using twice as much power and light as the national average. Why? TVA charges less than half the price. Because of lower production costs? Indeed, not! The rest of us around

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the nation are taxed to cover the TVA deficit. But power and light acquired in this manner can no more classify as "ours" than can any good or service forcibly extorted from true owners. To grasp what this socialism means if applied to everything, merely take a look at the Russian "economy."

Or take another example: The political head of New York City's socialized water system rejected metering on the ground that water is a social service to which Gothamites are entitled as citizens. The illusion: How nice to live where much of the water is for free! Yes, except that the New York City water district, astride the mighty Hudson, is having a water famine. Now, this is public ownership, pure and simple. But observe that the "public" ownership of water has all but dried up the availability of water for private use. What kind of a social service is it that, by depriving individuals of title and control, finally denies them the service!

If private availability – ownership in the sense of use, title, control – is what interests us, then we will do well to preserve private ownership and an open, willing-exchange market. For proof, merely take a look in the gas tank, or the closet, or the garage, or the pot on the stove! ◈

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IDEAS ON LIBERTY

Problems of Compulsion

AMENDING the Social Security Act to exempt the Amish from coverage and taxation, on grounds that insurance is contrary to their religion, embraces the idea that different laws shall apply to different religions.

Personally, I want the same law to apply to all – regardless of religion or race. But if that concept of justice is to prevail in the United States with its compulsory Social Security laws, the peaceful Amish farmers must be deprived of their freedom to worship God as they think right.

If Social Security were voluntary instead of compulsory – and if all its costs were paid by those who choose to join – Congress would not be faced with this issue of different laws for different religions.

DEAN RUSSELL

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Social Security RE-EXAMINED

PAUL L. POIROT

IN A SENSE, it might be said that the Social Security program of the United States is the best in the world. At least, it would be difficult to name another country in which so high a proportion of persons over 65 years of age can retire in such comparative luxury at taxpayers' expense. Many older persons are simply amazed at how well they can manage on their Social Security payments, while the more skeptical of those now approaching or already beyond retirement age continue from long habit to make other provisions – to save on their own – for those lean years in later life.

The tenacious American tradition of private saving and investment in productive property largely explains why a system of socialized security might appear to function more effectively in the United States than in most other countries. Economically advanced and comparatively prosperous industrialized societies can bear a great deal of socialistic intervention that would be unthinkable in undeveloped countries. The question is: "How much intervention can be borne in the United States?"

Illusions to Be Exposed

In examining that question, let us first clear away any possible illusions concerning the Social Security program. It should be obvious to all by now that Social Security is in no sense of the word a savings program whereby a portion of a person's property is set aside to be returned to him for use at some later date. Nor is Social Security at all like an insurance program with several persons pooling their savings in some cumulative fashion to cover contingencies and catastrophes that might befall certain members at indefinite future dates.

In other words, Social Security involves no fund or stockpile of goods and services from which portions may be drawn. It is purely and simply a compulsory income tax; property is taken from nearly

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all productively employed persons and redistributed – sometimes to those same persons, but primarily to others–according to a formula based on present and past earnings of the recipients. Social Security is nothing but the compulsory redistribution of property on a day-to-day basis.

Who Pays?

A second possible illusion has to do with the incidence of the tax. Who is really paying it? This seems reasonably clear in the case of "self-employed" persons; but otherwise, there is the widespread misconception that the employer pays half of it. The harsh economic fact, of course, is that the Social Security tax is, to the employer, just another part of the cost of hiring labor. If he didn't hire the man, he wouldn't have to pay the tax. But if he could hire without paying the Social Security tax, one of three things must happen: (1) he could hire more help for the same total wage cost; (2) he would be obliged by competition among employers to pay higher wage rates to get the help he needs; or (3) he would be obliged, again by competition, to sell his products at lower prices in order to clear the market. In any event, with rare and strictly temporary exceptions, the saving to any employer – if he were relieved of Social Security tax liability – would be passed along to employees either in the form of increased wages or in the form of reduced prices for goods and services in the market place. In effect, then, the employee does pay all of the Social Security tax levied on his account, including the half he might have thought his employer was contributing.

The foregoing also should help to clear up the illusion that Social Security offers something-for-nothing to everyone. It is true, in strictly materialistic accounting terms, that some of the early beneficiaries under the program were eligible for heavy windfalls at ratios of 20:1 or higher. But it is also true that scarcely any person now under 50 years of age stands a chance of getting back with interest his "investment" in Social Security. Some will have to pay for the multi-billion-dollar windfall accruing to those early beneficiaries. The youngsters are the ones now scheduled for generous portions of nothing-for-something – at an annual cost of $746 a year on any job paying $6,600 or better, when the "health and welfare" tax presumably "levels off" at 11.3 per cent. Though precise calculations are impossible for any program that is subject to the whims of politics, it appears now that a young man just enter-

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ing the labor force could, for the same amount, buy from private life insurance companies two or three times as much old-age security as his Social Security taxes are scheduled to yield.

In the face of these stark realities, how can such a program retain its popularity among Americans? The answer apparently may be attributed to another illusion about the nature of things in general and economics in particular.

"Economics" of Redistribution

Economics used to be a study in scarcities, based on the assumption that human wants are unending and that the means of satisfying such wants are limited. The problem was to obtain the most efficient use of scarce resources – land, labor, capital – to maximize the yield of goods and services most wanted by consumers. It was believed that human beings possess a certain dignity, entitling them to respect as individuals, each capable of knowing his wants and more or less self-responsible for their fulfillment. The institutions of private property and voluntary exchange grew out of and implemented the belief in the dignity of the individual.

In that context, economics concerned the ways and means of satisfying the most urgent wants of individuals through the responsible individual ownership, use, and willing exchange of scarce goods and services. The individual's ownership of property, including his freedom to offer his services for sale, affords him entry to the market.

The first rule of the market is that each buyer also must be a seller – that all participants are suppliers seeking to gain what each wants most by giving up that of his own which he values least. In other words, self-interest is best served by serving others. And the free market price for each commodity or service is the price which most nearly balances the combined demand at that price against the available supply at that price. The market price thus serves as the signal to consumers to step up or to curb their use of various items and encourages producers to concentrate on the output of items most sought by consumers. Thus, shortages and surpluses are averted and waste of scarce resources minimized in the market economy. Such, briefly, was the essence of economics in the classical sense, with emphasis always on the most efficient and productive use of all available resources.

The material abundance flowing from the competitive market economy following the industrial revolution has led some so-called econ-

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omists to the erroneous conclusion that the problem of production has been solved. The "new-economics" is primarily concerned with the redistribution of wealth so that society may be able to consume all that it is capable of producing. They see that the wants of individuals are unending, but seem to overlook the continuing scarcity of means to satisfy such wants. Market prices, to them, are but barriers to the deserving poor; and they reject the first rule of the market: that a buyer must first have something to offer in exchange. But to take the property of those who have earned it by efficiently serving others, for redistribution to those who offer nothing in exchange, can only be accomplished by compulsory methods.

The Public Sector

Thus, the "new economics" calls for government action to break down the institutions of private property and voluntary exchange. Goods and services are to be allocated, not by competitive market pricing, but by the coercive measures of the "welfare state." The false premise is that producers will keep on "coming to market" with useful goods and services, despite the certainty of being confronted there by armed bands demanding something for nothing.

This is the illusion of the "new economics," perfectly exemplified by the Social Security program. There is no denying the desirability of security for older persons; almost everyone would like that. But one of the quirks of human nature is that a great many individuals will not voluntarily forego current spending and consumption in order to save or put aside enough of their own property to yield a decent living after they have retired from the labor force. So, if all people are to be guaranteed an income in old age, it will be necessary to force people to pay for this.

Dr. J. K. Galbraith, among others, has observed this tendency of persons to use their property primarily for the things they want most; and he refers to the result as the "affluent private sector" of the economy. On the other hand, noting that a great many persons neglect spending for the things he believes they ought to want — such things as providing for income during old age — he finds this "public sector" relatively starved.

As the financial statements of a great number of life insurance companies will attest, there are persons perfectly willing to save for their old age; and it is a profitable business to serve those willing customers. Many other types of business also efficiently and

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profitably cater to the wants of those who desire to save and invest in productive private enterprise as a source of future income. But there is no profit to be had in supplying a commodity or service to persons who are unwilling to pay for the item. Businessmen won't and can't voluntarily continue such an operation. So, if old-age security is to be guaranteed to those who do not choose to pay for it, the losing operation will have to be conducted in "the public sector," taking property from those who have earned it, for redistribution to others – by force.

Subsidized Poverty

Now, we are gaining considerable experience under the "public sector" in the United States, with government at all levels currently spending for us some two-fifths of our total earnings.

Much of this "public sector" spending, of course, goes for our education – some $40 billion a year of tax monies. And there are those who contend that education specifically, and the advance in knowledge generally, together account for nearly half of the growth of "real national income." If that were true, it would represent a sizable dividend from the "public sector." However, there is one small problem in that the better educated we become, the less we seem to be able to care for ourselves in our old age and other times of adversity. The "public sector" spending for social welfare payments of all kinds has now climbed to $47 billion a year. Some $17 billion of that goes for payments under the Old Age, Survivors, and Disability Insurance (OASDI) feature of the Social Security program. But, unfortunately, the need for other types of social welfare seems to increase even faster than the need for Social Security. The conclusion would seem to be that the starvation of the "public sector" is of a type that is aggravated by feeding it; the subsidizing of poverty increases it.

To question the propriety of various government spending programs is not to deny the usefulness of education and the advancement of knowledge nor to malign the charitable instincts of those who wish to devote their own resources to the assistance of others. But a reasonably educated person cannot escape the fact that the wherewithal of capital formation and the means for charitable undertakings both stem from the same source; namely, the savings of productive individuals. The accumulation of a surplus of personal property beyond one's immediate needs is the foundation of capitalism and the only true founda-

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tion upon which the principles and practice of charity can stand.

This is the reason why true charity cannot flow from the compulsory processes of government. To promote the welfare of one person at the expense of another is no contribution to the general welfare. The framers of the Constitution of the United States sought to guarantee the rights of individuals to own property. They understood that whatever government can do to secure those individual rights to property is a contribution to the general welfare – and that no government can promote the general welfare in any other manner.

When government resorts to the tactics of a Robin Hood, it has ceased to be a protector of property or a guarantor of security. Instead, it becomes the instrument of plunder by which one citizen or special interest group may loot the earnings and savings of others. Government cannot create security in this fashion, by taking one man's earned security and giving it to others in accordance with politically determined need; it only destroys security.

What starts out as a popular pastime of soaking the rich turns into a program of taxing everyone who works for a living. And as socialism advances, the weak and dependent find themselves competing with the youthful and strong who also have been driven by hunger to the public trough. Such competition in sheer desperation is far more ruthless than that which is sometimes frowned upon in the open market. When people lose respect for the lives and property of one another, then the weak and dependent may expect to be early victims of murder and theft.

Self-Reliance Is Best

If the less productive members of a society truly seek security, let them rally to the defense of the freedom of choice and freedom of action of those who work for a living and who are personally productive. Let them voluntarily deal with one another in a market place kept free of compulsion. Such voluntary trading directs the instruments of production and the means of economic security into the hands of those most capable of serving all mankind. It stimulates every individual to develop his own talents to their maximum productivity. It encourages saving instead of squandering. The free market, and not its displacement by governmental controls, is the only route to the kind of personal security which makes for harmonious social relationships.

A feeling of personal security depends upon something more than the legal guarantee of a hand-

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out in time of need. Security is an attitude not necessarily satisfied by an "equal share" or even by an abundance of material goods and services. To be truly secure is to be without cause for anxiety, and that kind of security stems from the mind of an individual who knows that he has done his very best with what was properly his own. Such security is fed by one's respect for the rights of others to life and property, a respect upon which is based one's own claim to those rights.

Though older persons may not serve well in the armed forces, or in defense plants, or in the various other activities incidental to the support of big government, that need not preclude their being loved and respected as individuals. That is not sufficient reason for a law which tends to put an end to individuality and its expression at age 65. If the young men and women of today's generation have lost a sense of love and respect for their aging parents, that is something which the government cannot restore through its devices of compulsion. That is a form of insecurity which must be borne by parents if they have failed to teach their children to respect the sanctity of the individual and the rights to life and private property.

The same time-weathered code of ethics which advocates honoring one's father and mother recommends respect for the life and livelihood – the private property – of others. To violate any part of that code destroys the meaning of the rest of it. Society cannot enforce a law which guarantees security to the aged by denying the producer the right to the product of his own efforts. The best that society can do is to give the individual a chance to honor and respect his elders. This means allowing the individual his choice concerning the use to be made of his own life and his own productive efforts. It is possible for an individual to honor and respect others who are tolerant of his freedom to choose. But rare indeed is the individual who can extract love and honor from others by compulsory means!

Such things as love, respect, honor, and justice in the relationships between persons are measurable and meaningful only to the extent that individuals voluntarily reject an opportunity to dislike, disrespect, dishonor, or deal unjustly with others. And old-age security also falls into that category. Since a weak person cannot force a strong person to help him, it would seem wise to put the appeal on some basis other than coercion. This means retrieving the responsibility for old-age security from the hands of government. ◈

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ON OFF The Reservation

WE, meaning the white man, have "reservation fever," says R. J. Rushdoony, quoting an old Indian who thinks the descendants of his old conquerors are pretty far gone in stupidity. The "reservation" is the Welfare State – which means that it actually encompasses the planet with a few exempt bits of acreage labeled Hong Kong, the Bahamas, and West Germany. We want it easy – but a reservation implies that there must be something outside the reservation to keep it going. Somebody has to do the work.

The subtitle of this *Essays on Liberty*: *Volume XII* (Foundation for Economic Education, $3.00 cloth, $2.00 paper) might be "On and Off the Reservation." It is a handbook of reservation practices, compiled more often than not with a bland imperturbability that is more effective than open sarcasm. It is also an arsenal of argument that will show any reasonably intelligent white man how to get off the reservation. If the Sitting Bulls of the "cradle to grave" state continue to win their battles, it will only be because the contributors to this volume have been effectively boxed out by the reservation keepers. Even this possibility won't help the Sitting Bulls in the long run, for a world given over to total reservation practice is a logical impossibility. Let us repeat: somebody has to feed the reservation.

Looking about him at the steadily increasing amount of reservation practice – or socialism, to give it its exact title – that we now have, Leonard Read says there is no use in "engineering or planning socialism's uprooting." I take it that he means you can't legislate the TVA or the Federal Post Office out of existence. But what you can do is to look to the state of your own mentality. When we pursue high purposes, says Mr. Read in his essay on "Unscrambling So-

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cialism," "natural forces do their clean-up work for us as a dividend for having set our sights aright."

Correspondence by Phone

Since my own mind always runs back from the abstract to the concrete, I've been trying to think how "high purposes" can start private mail carrying to compete with the public post office when the law gives the government a mail monopoly. Suddenly Mr. Read's words about "natural forces" doing "clean-up work" struck home with the realization that few people write real letters any more. I know I don't. It gets easier every day to by-pass the post office. You can be sure of keeping in touch with your "correspondents" by subscribing to an answering service. You can have a phone in the back seat of your car. You can even get "ship-to-shore" facilities if you want to combine office work with cruising on the deep. All of this costs a bit more than dictating and mailing letters. But who knows, maybe there will be a "voice delivery" service tomorrow that will tape a businessman's output of dictation for the morning and deliver it by telephone or wireless, to the intended recipients for a mere pittance. The costs of the privately owned telephone companies continue to go down; the Federal Post Office continues to be in the red. At some point people will stop writing all but the most routine letters.

So I'll take Mr. Read's word for it that "nature" is against the extension of socialism as long as some men keep their wits about them and their minds clear. The working of this law seems to be assured as long as there is a bit of freedom permitted. In his essay in this volume called "Flying Socialism," Sam H. Husbands, Jr., tells how the state-owned airways of Europe act as feather-bedding preserves for unnecessary employees. The British Overseas Airways Corporation, a government monopoly, occupies a position that is roughly similar to that of the privately owned Pan American Airways. Well, in 1963 "Pan American flew more than 2.6 times as many revenue passenger miles (8,069,397,000) as did BOAC (3,023,470,000), but with only 20 per cent more personnel." The figures comparing Air France and TWA, and the German Lufthansa with National, make the same sort of case for private enterprise. With 12,224 employees, Lufthansa gets 132,608 revenue passenger miles per employee. National, with only 4,416 employees, flew 390,816 revenue passenger miles per employee in 1963. Since the airlines, both public and private, use the same type of equipment, it is obvious that the private

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companies know how to use it better. But it is the private companies that have the incentive to take the leadership in technological as well as personnel improvement, getting there first with the best and safest planes. The pressure for rate reductions has come from Pan American and TWA, which shows that "nature" forces its "clean-up work" as "a dividend for having set our sights aright."

A Couple of Questions

This twelfth volume of *Essays on Liberty* contains 49 separate contributions by 31 separate authors, and there is no possible way to be fair to everybody within the scope of a review. At the risk of being specifically unfair to a couple of contributors, I'd like to argue that William Cage, in his "The Right to Pray," misses a constitutional point when he says that prayers in school are "outside the realm of government competence." No doubt they should be under any rational concept of a public institution, which admittedly has no business discriminating against certain peoples' opinions.

But our Founding Fathers were not concerned with complete rationality or with universal philosophical consistency when they were writing the First Amendment; they were merely concerned with prohibiting something to the Federal government which they were quite willing to let the states do for themselves. Thus, the First Amendment says that "Congress" shall pass no law infringing on religious freedom or establishing a state church. Patently it would be illegal under the Constitution for the Federal government to prescribe, or even to permit, prayers in any nationally supported school system. But, strictly interpreted, the Constitution says absolutely nothing about forbidding states or municipalities to allow prayers in their schools. They are not included in the word "Congress." Indeed, the Tenth Amendment (which was not repealed by the vague "equal rights" clause of a later amendment) would seem to guarantee individual state preference in this matter.

I am not arguing against Mr. Cage's libertarian logic here; I am merely defending the constitutionality of something that he finds philosophically abhorrent. Carried to its logical conclusion, Mr. Cage's argument would call for the abolition of all public education, whether it is prayerful education or not. But the Founding Fathers were not perfect libertarians; they believed in some public education, and Thomas Jefferson, for one, made provision for both moral and religious teaching in his blueprint for a state university.

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With John C. Sparks's "Zoned or Owned?" I have no real quarrel. Zoning is, as he insists, an infringement of the property right. It does not surprise me to learn that suburbs within the city limits of Houston, Texas, which does *without zoning*, have higher property values than the zoned areas that lie just beyond the municipal boundaries. But my quibble with "Zoned or Owned?" is this: what if you have used your contractual right to buy property in an area that has already been zoned? The zoning restrictions will have been funded, so to speak, into the price you have paid for the property. Thus, a sudden repeal of a zoning limitation (say, one that insists that three acres go with each home) might lop dollars off an investment made in good contractual faith. The question here is whether a man has a right to keep a state of affairs which he has paid for in an honest deal made under a bad law for which he was not responsible. ◈

▸ THE NATURE OF THE AMERICAN SYSTEM by Rousas J. Rushdoony (Nutley, New Jersey: The Craig Press), 181 pp. $3.75.

Reviewed by Robert M. Thornton

HERE is a vigorously written defense of the American system of decentralization, limited sovereignty, checks and balances, and constitutionalism — a system of government in which power is not concentrated in any one person or body of persons. Power is dispersed, because no man — in the eyes of the Founding Fathers — can be trusted with discretionary power over his fellows. "Speak not of the goodness of man," warned Jefferson, "but bind him down from mischief with the chains of the Constitution." This settled conviction of the men who shaped our institutions reflects the Christian view of man as a flawed creature with great limitations; a being incapable of perfect knowledge and wisdom, denied a lofty, God-like objectivity, too self-centered to meet the claims of universal love.

It is in this sense of the term — cultural rather than sectarian — that Rushdoony argues that this nation was modeled along the lines of a Christian commonwealth. He recognizes that the "presuppositions of all man's thinking are inescapably religious, and they are never neutral." That is to say, everyone entertains a premise as to the nature and destiny of man, whether explicit in his thought or not.

In this book as in his previous works, Rushdoony gets down to bedrock; and whether you agree with him or not, he cannot justly

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be accused of inconsistency or superficiality. He contributes to our understanding of the system under which we live, and he makes it perfectly clear that those churchmen who wish to replace the American system with some brand of collectivism for assumed Christian motives are sadly mistaken. The free society is no utopia, but it is both a desirable thing in its own right and the only form of social organization compatible with a religion which cherishes convictions about the importance of the individual person. ◈

IDEAS ON LIBERTY

Through the Wringer

FROM WASHINGTON'S eagerness to protect the consumer, you would think that clever manufacturers were constantly gypping the poor fellow, squeezing out his hard-earned dollars in return for a lot of new but shoddy products. So a recent research study is interesting.

Bjorksten Research Laboratories of Madison, Wisconsin, took a look at what happened to 27,000 new products that manufacturers hopefully put on the market during 1964. It found that, in one of the most prosperous years in history, four out of every five new items were so unpopular with consumers that they proved unprofitable.

As a result of the failures, the researchers report, the unsuccessful manufacturers sustained losses totaling more than $3 billion. Which may have raised some questions, in their minds at least, as to just who put whom through the wringer.

From *The Wall Street Journal*, August 24, 1965

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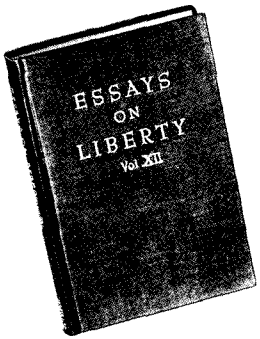

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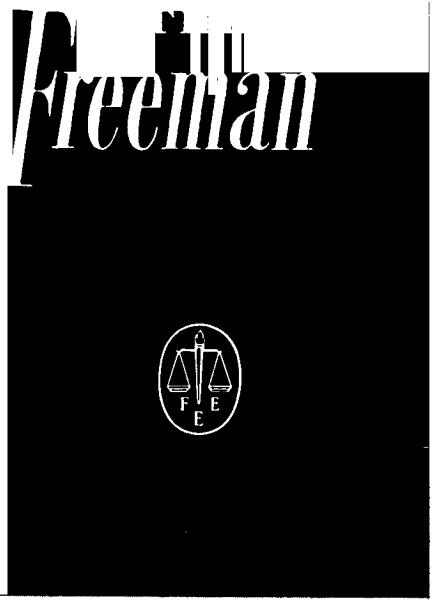

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■ When the people are encouraged to turn to government to settle all of their problems for them, the basis for all revolutions is thereby established. For then the people expect the government to provide them with all of the material things they want. And when these things are not forthcoming, they resort to violence to get them. And why not — since the government itself has told them that these responsibilities belong to government rather than to them?

I am convinced that a revolution would not be possible if the only relationship between government and the people was to guarantee them their liberty and security.

FREDERIC BASTIAT, addressing the National Assembly in France, December 12, 1849

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